



# Town of Lauderdale-by-the-Sea

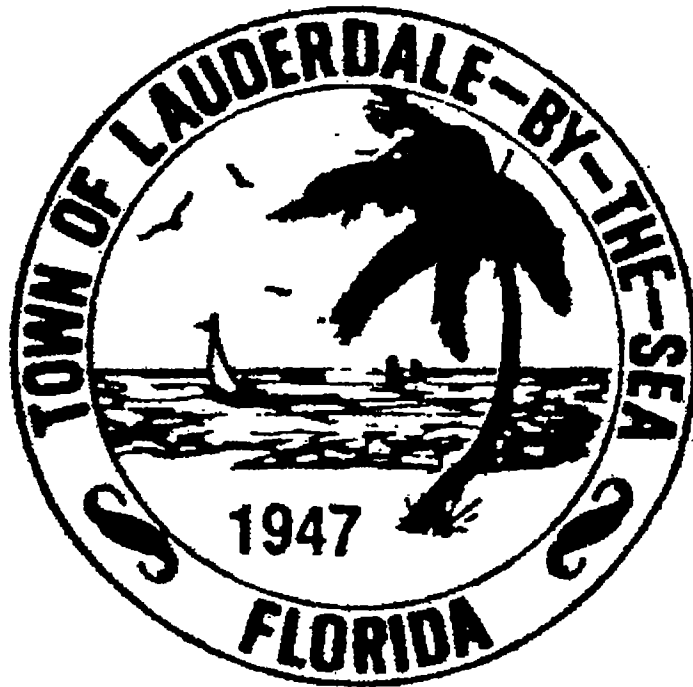
## Comprehensive Annual Financial Report



Photo by: M. Furth

*Fiscal Year 2005/2006*  
*October 1, 2005 - September 30, 2006*

*Town of  
Lauderdale-By-The-Sea, Florida*



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED SEPTEMBER 30, 2006**

*Prepared By: The Finance Department*

# TOWN OF LAUDERDALE-BY-TH-SEA, FLORIDA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2006

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# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2006

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## INTRODUCTORY SECTION

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OFFICE OF THE  
TOWN MANAGER

Town of  
**LAUDERDALE-BY-THE-SEA**

4501 Ocean Drive, Lauderdale-by-the-Sea, Florida 33308-3610  
Telephone: (954) 776-0576 • Fax: (954) 776-1857

December 20, 2006

Honorable Mayor and Commissioners:

State law requires that all general purpose local governments publish within one year of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The Town of Lauderdale-By-The-Sea has elected to implement early the new financial reporting requirements of Governmental Accounting Standards Board (GASB) Statement Number 34. Pursuant to these requirements, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of Lauderdale-By-The-Sea for the fiscal year ended September 30, 2006.

This report consists of management's representations concerning the finances of the Town of Lauderdale-By-The-Sea. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed both to protect the Town's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of Lauderdale-By-The-Sea's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town's financial statements have been audited by Rachlin Cohen & Holtz LLP, a licensed certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the Town's financial statements for the fiscal year ended September 30, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon their audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Lauderdale-By-The-Sea's financial statements for the fiscal year ended September 30, 2006, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the Financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town of Lauderdale-By-The-Sea's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Government**

The Town of Lauderdale-By-The-Sea, incorporated in 1947, is located between the Atlantic Ocean and the Intracoastal Waterway on the Gold Coast of Florida. The Town is in the east-central part of Broward County, 30 miles north of Miami and 33 miles south of Palm Beach. Because of the Town's prime seaside location, it can be expected to continue economic growth from tourism and other industries.

The Town of Lauderdale-By-The-Sea is primarily a residential community. Employment within the Town is primarily executive/managerial, professional and sales. The major industries within the Town are retail trade, finance, insurance and real estate. Most residents are employed within South Florida. The Town is presently 8.5 miles in area and has a year-round population of approximately 6,300 residents. The peak seasonal population is approximately 9,800.

The Town of Lauderdale-By-The-Sea provides the full range of municipal services for its citizens. These include public safety, sewer, and stormwater utilities, public works, parks and recreation facilities, and building, zoning and code enforcement.

Public safety services consist of police, fire and fire rescue are provided by the Broward County Sheriff's Office. Building, zoning and code enforcement services are provided by the Department of Development Services.

The annual budget serves as the foundation for the Town of Lauderdale-By-The-Sea's financial planning and control. All departments of the Town are required to submit requests for appropriation to the Town Manager and these requests are the starting point for developing a proposed budget. The Town Manager then presents this proposed budget to the commission for review. The commission is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the Town's fiscal year. The budget is legally enacted through the passage of a resolution. The appropriated budget is prepared by fund and department (e.g., police). The classification detail at which expenditures may not legally exceed appropriations is at the fund level. The Town Manager is authorized to transfer part or all of an unencumbered appropriation balance within a fund; however, any revisions that alter the total appropriations of any fund must be approved by the Town. Budget-to-actual comparisons are provided in this report for all governmental funds for which an appropriated annual budget has been adopted.

The Town operates under a commission-manager form of government. Policy-making and legislative authority are vested in the Town Commission, which consists of a mayor, a vice-mayor and three commissioners. The Town Commission is responsible, for passing ordinances, adopting and amending the annual budget, approving large purchases, adopting resolutions and appointing the Town Manager and Town Attorney.

The Town Manager is the chief administrative officer of the Town. The Town Manager is responsible for carrying out the policies and ordinances of the Commission, directing all Town employees, appointing and removing subordinate employees, preparing and submitting the annual budget and overseeing the day-to-day operations of the Town.

The Town Commission meets on the second and fourth Tuesday of each month at 7:00 p.m. in Jarvis Hall, 4501 Ocean Drive, Lauderdale-By- The-Sea, Florida.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of Lauderdale-By-The-Sea operates.

**Local economy.** The Town achieved tremendous growth, primarily residential, through annexation. The Town's 2005 final gross taxable value of \$1,726,443,066 increased to a current year gross taxable value of \$2,145,120,642 in 2006. This increase enabled the Town to maintain its existing millage rate of 4.70 per \$1,000 of assessed property values in fiscal year 2005-2006. This millage rate enables the Town to continue its high level of services and provide additional funding for the Townwide Capital Improvement Projects. The continued increase in property values continues to positively impact the Town in the upcoming year and is likely that the current millage rate of 4.70 will be reduced.

The Town continues to study the availability of vacant land or property within the Town limits to continue to improve townwide infrastructure, updating zoning protection, and funding capital improvement projects that support a healthy economical residential and business district.

**Long-term financial planning.** Earlier this year the Town was awarded local and state funding for Townwide capital projects. In addition the Town negotiated favorable interest rates and obtained an additional \$7,000,000 for construction projects. The grants funds and promissory notes enable the town to successfully complete major capital projects. In fiscal year 2005-2006 the Town completed over \$6.4 million in projects as listed below:

- Sanitary Sewer Projects in the northern part of town - Terra Mar.
- Stormwater Drainage Project in the northern part of town - Terra Mar.
- Washingtonia Avenue Portal By The Sea Project.
- Hibiscus Street Portal By The Sea Project.
- Datura Avenue Portal By The Sea Project.
- Pine Avenue Beach Portal By The Sea Project.

The Town reviewed plans, accepted bids and awarded approximately \$300,000 in construction contracts during fiscal year 2005-2006 in order to begin and complete the following projects in fiscal year 2006-2007:

- Parking Lot between A1A and Bougainvillea.
- Parking Lot Leisure Tower.

The Town continues to review plans and prepare bid documents in the amount of approximately \$5.2 million in order to award construction contracts and begin the below projects during fiscal year 2006-2007:

- Sanitary Sewer Projects in the northern part of town (Bel Air).
- Sanitary Sewer Projects in the northern part of town (Sunset Lane).

The Town continues to improve the Capital Improvement Program by reviewing proposed plans, revising plan documents and when funding permits expanding projects. This approach will allow the Town to refine project cost estimates and undertake several capital improvement projects during the year.

The Town remains poised to move boldly into redevelopment by improving and maintaining infrastructure and fund beautification projects, which contribute to a healthy municipality and provide an economically viable business district. When done properly the Town residents' taxes will remain low while the service level remains high. If there is no redevelopment, the alternative will be higher taxes and a reduction of the quality of life.

### **Cash Management**

As of September 30, 2006 the Town had approximately \$2,180,749 in emergency reserves. Most of the Town's unrestricted cash is deposited in pooled cash money market accounts and in repurchase agreements.



### **Risk Management**

The Town obtains insurance coverage from the Florida Municipal Insurance Trust. In addition to maintaining the mandated insurance coverage the Town participates in the Florida League of Cities premium credit programs. This led to an incentive of \$29,604 in the current fiscal year. Since entering the Town in the Premium Credit Program, in FY 96/97, the Town has saved approximately \$296,160.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting for its comprehensive annual financial report (CAFR) for the past 8 years. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

In addition, the Town again received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget for the fiscal year beginning October 1, 2005. In order to qualify for the Distinguished Budget Presentation Award the Town's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the administration department. We would also like to extend our thanks to the firm of Rachlin Cohen & Holtz LLP for their professional conduct of the Town's annual audit.

Finally, we wish to acknowledge the interest, funding and support of the Town Commission in management's planning and conducting the financial operations in a responsible and progressive manner

Respectfully submitted,



Robert Baldwin  
Town Manager

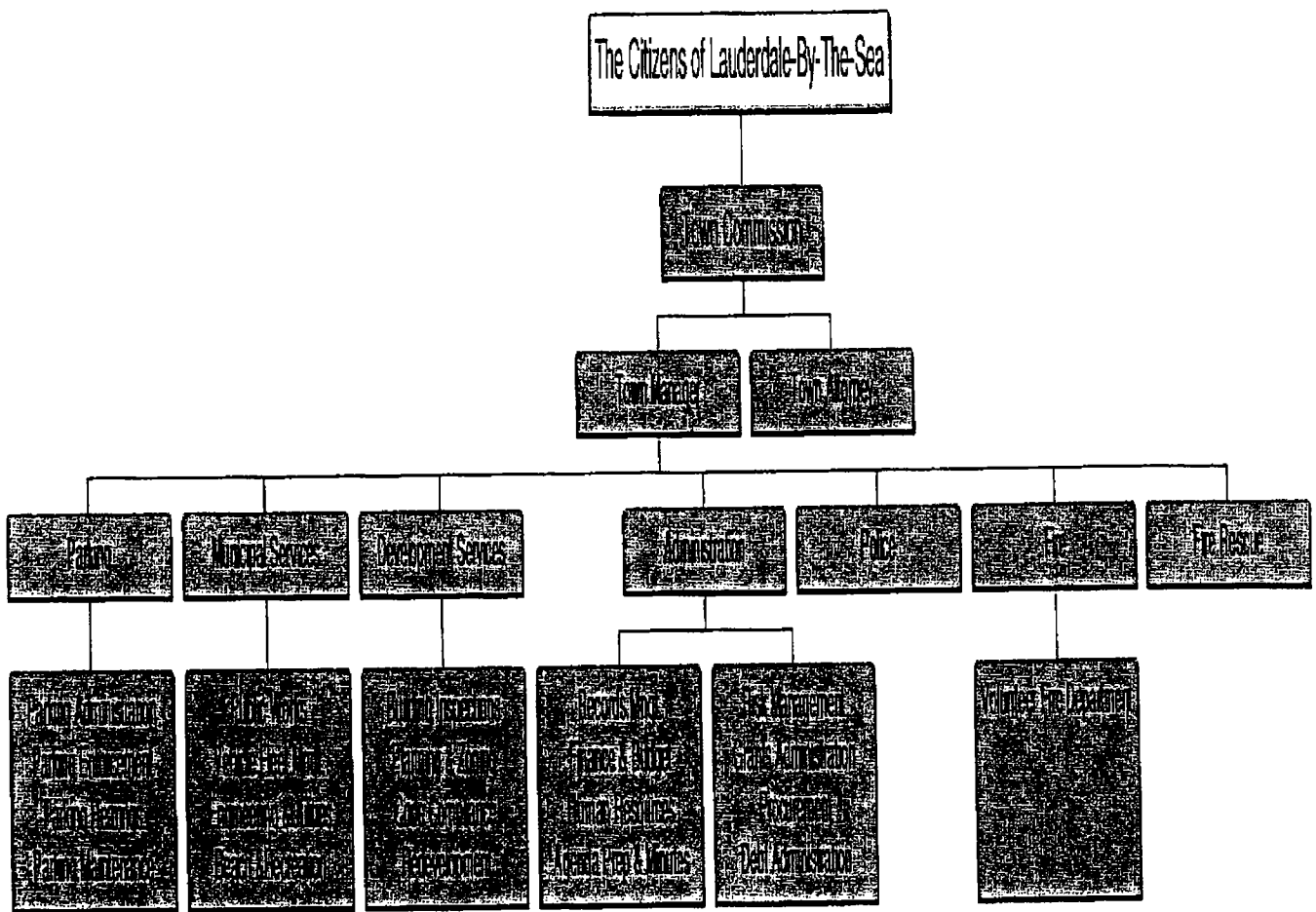


Esther Colon  
Finance Director

# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

## ORGANIZATION CHART

SEPTEMBER 30, 2006



# **TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**

## **LIST OF PRINCIPAL OFFICIALS**

SEPTEMBER 30, 2006

### **TOWN COMMISSIONERS**

Oliver Parker - Mayor  
John L. Yanni - Vice-Mayor  
Charles Clark - Mayor Pro Tem  
Jerry McIntee  
Jim Silverstone

### **TOWN MANAGER**

Robert Baldwin

### **TOWN ATTORNEY**

James A. Cherof

### **TOWN CLERK**

Alina Medina

### **FINANCE DIRECTOR**

Esther Colon

### **TOWN AUDITORS**

Rachlin Cohen & Holtz LLP  
Accountants • Advisors

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Lauderdale  
by the Sea, Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "Thomas J. Blum".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enos".

Executive Director

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## **FINANCIAL SECTION**

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**REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Honorable Mayor, Town Commission and Town Manager  
Town of Lauderdale-By-The-Sea, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Lauderdale-By-The-Sea, Florida (the Town) as of and for the fiscal year ended September 30, 2006, which, collectively, comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town, as of September 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2006 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

-1-



Rachlin Cohen & Holtz LLP

One Southeast Third Avenue ■ Tenth Floor ■ Miami, Florida 33131 ■ Phone 305.377.4228 ■ Fax 305.377.8331 ■ [www.rachlin.com](http://www.rachlin.com)

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Honorable Mayor, Town Commission and Town Manager  
Town of Lauderdale-By-The-Sea, Florida  
Page Two

Management's Discussion and Analysis and the Required Supplementary Information on pages 3 to 9 and pages 40 to 44, respectively, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements. The combining and individual fund statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Town. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*; and is not a required part of the basic statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information shown in the introductory and statistical sections listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Rachlin Cohen & Holtz LLP*

Fort Lauderdale, Florida  
November 22, 2006

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## **MANAGEMENT'S DISCUSSION ANALYSIS (MD&A)**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Town of Lauderdale-By-The-Sea financial performance provides an overview of the Town's financial activities for the fiscal year ended September 30, 2006. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal in the introductory section and in conjunction with the Town's basic financial statements, which begin on page 10.

### Financial Highlights

The assets of the Town of Lauderdale-By-The-Sea exceeded its liabilities at the close of the most recent fiscal year by \$27,649,682 (*net assets*). Of this amount, \$22,751,487 (*unrestricted net assets*) may be used to meet the ongoing obligations to citizens and creditors. The Town's assets increased by \$6,361,288 during the current fiscal year including loan proceeds of \$4,000,000.

As of the close of the current fiscal year, the Town of Lauderdale-By-The-Sea's governmental funds reported combined ending fund balances of \$19,917,021, an increase of \$3,226,993 from the prior year.

At the end of the current fiscal year, unreserved fund balance for the general fund was \$4,420,695 or 42.20% of total general fund expenditures.

### Long-Term Debt

The Town of Lauderdale-By-The-Sea has outstanding debt of approximately \$16,068,099.

Although, The Town's Charter makes no reference to limitation of general obligation debt, the Administrative Policy is to limit the Town's general obligation debt to 10% of the Town's total reported assessed valuation.

Currently, the Town has eight long term bank loans with a maturity dates extending to June 2020, which were obtained, to provide additional funding for major capital improvement projects, land and property acquisition. Principal and interest payments are budgeted in the appropriate fund.

<u>Bank Loan Balances by Fund</u>	<u>September 30, 2006</u>	<u>Annual Principal/ Interest Payments</u>
Stormwater Fund (Proprietary Fund)	\$ 949,484	\$ 89,475
Parking Fund (Proprietary Fund)	1,897,913	177,139
General Fund (Governmental Fund)	4,307,385	656,148
Capital Fund (Governmental Fund)	8,913,318	1,752,005

The following chart demonstrates the debt payments as a percent of debt compared to the Town's property assessed valuation for the past five years for governmental funds.

<u>Fiscal Year</u>	<u>Property Assessed Valuation</u>	<u>Debt Service Payments</u>	<u>Debt Payment % of Assessed Valuation</u>
2002/2003	\$ 1,141,197,502	\$ 1,294,246	0.1134%
2003/2004	1,259,147,594	1,591,378	0.1264%
2004/2005	1,453,739,511	1,697,543	0.1168%
2005/2006	1,726,443,066	1,787,696	0.1035%
2006/2007	2,145,120,642	2,442,991	0.1139%

### Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 10-11) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statement by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the Town.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Lauderdale-By-The-Sea's basic financial statements. The Town of Lauderdale-By-The-Sea's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Lauderdale-By-The-Sea's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Town of Lauderdale-By-The-Sea's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Town of Lauderdale-By-The-Sea that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town of Lauderdale-By-The-Sea include general government, public safety, physical environment, recreation, and roads and street services. The business-type activities of the Town of Lauderdale-By-The-Sea include parking, stormwater and sewer operations.

The government-wide financial statements can be found on pages 10-11 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Lauderdale-By-The-Sea, like other state and local governments use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Lauderdale-By-The-Sea can be divided into three categories: governmental funds, propriety funds and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Lauderdale-By-The-Sea maintains three individual governmental funds (general, capital projects, special revenue). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general and capital improvement fund, both of which are considered to be major funds.

The Town of Lauderdale-By-The-Sea adopts an annual appropriated budget for all its governmental funds. Budgetary comparison statements have been provided to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 12-14 of this report.

**Proprietary funds.** The Town of Lauderdale-By-The-Sea maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town of Lauderdale-By-The-Sea uses enterprise funds to account for its parking, stormwater and sewer operations.

The proprietary fund provides the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer, parking and stormwater operations, all are considered to be major funds of the Town of

Lauderdale-By-The-Sea, except for the stormwater operations. The Town of Lauderdale-By-The-Sea adopts an annual appropriated budget for all proprietary funds.

The basic proprietary fund financial statements can be found on pages 15-18 of this report.

### **The Town as Trustee**

The Town is the trustee, or fiduciary, for the Volunteer Firefighters' Pension Trust Fund. The *Pension Trust Fund* uses the accrual basis of accounting and is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of this fund are included on the balance sheet. The Town's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 19. We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-39 of this report.

### **Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of the Town's financial position. In the case of the Town of Lauderdale-By-The-Sea, total net assets exceeded liabilities by \$27,649,682 at the close of the most recent fiscal year.

By far the largest portion of the Town of Lauderdale-By-The-Sea's net assets reflects its investment in capital assets (e.g., roadways, improvements, equipment, buildings, land). The Town of Lauderdale-By-The-Sea uses these capital assets to provide services to citizens; consequently they are not available for future spending.

An additional portion of the Town of Lauderdale-By-The-Sea's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Lauderdale-By-The-Sea is able to report positive balances in all three categories of net assets, both for the Town as a whole, as well as for its separate governmental and business-type activities.

Due to lesser than anticipated expenditures, the Town's net assets increased by \$6,361,288 during the current fiscal year.

**Governmental activities.** Governmental activities increased the Town of Lauderdale-By-The-Sea's net assets by \$4,480,466, thereby accounting for 70.43% of the total growth in the net assets of the Town of Lauderdale-By-The-Sea, basically due to the delay of the expenditure of funds for the expansion of the Administration Building and the delay of occupying the new Public Work Complex, and the obtaining of a loan in the amount of \$4,000,000.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

**Business-type activities.** Business-type activities increased the Town of Lauderdale-By-The-Sea's net assets by \$1,880,822, accounting for 29.57% of the total growth in the government's net assets.

**Town of Lauderdale-By-The-Sea**  
**Changes in Net Assets – Comparative**

	Governmental	Business-	2006	Governmental	Business-	2005
	Activities	type	Total	Activities	type	Total
Current and other assets	\$ 20,310,701	\$2,825,734	\$23,136,435	\$ 17,204,746	\$1,638,780	\$18,843,526
Capital assets, net	13,810,617	7,365,442	21,176,059	10,359,603	3,781,678	14,141,281
Total assets	34,121,318	10,191,176	44,312,494	27,564,349	5,420,458	32,984,807
Long-term liabilities	13,430,463	2,847,397	16,277,860	11,246,014	-	11,246,014
Other liabilities	318,253	66,699	384,952	426,199	24,200	450,399
Total liabilities	13,748,716	2,914,096	16,662,812	11,672,213	24,200	11,696,413
Net assets:						
Invested in capital assets, net of related debt	380,150	4,518,045	4,898,195	5,735,642	3,781,678	9,517,320
Unrestricted	19,992,452	2,759,035	22,751,487	10,156,494	1,614,580	11,771,074
Total net assets	\$ 20,372,602	\$7,277,080	\$27,649,682	\$ 15,892,136	\$5,396,258	\$21,288,394

**Town of Lauderdale-By-The-Sea**  
**Changes in Net Assets by Program – Comparative**

	Governmental	Business-	2006	Governmental	Business-	2005
	Activities	type	Total	Activities	type	Total
Revenues:						
Program revenues:						
Charges for services	\$ 1,641,566	\$1,630,210	\$ 3,271,776	\$ 1,755,351	\$1,188,895	\$ 2,944,246
Operating grants and contributions	1,396,568	-	1,396,568	139,534	-	139,534
Capital grants and contributions	919,086	-	919,086	73,801	-	73,801
General revenues:						
Property taxes and assessments	9,936,889	-	9,936,889	8,565,376	-	8,565,376
Franchise fees and utility taxes	1,436,887	-	1,436,887	1,367,937	-	1,367,937
Communication service tax	350,519	-	350,519	372,457	-	372,457
Unrestricted interest	637,029	122,211	759,240	593,123	35,983	629,106
Other miscellaneous	240,127	-	240,127	4,258	-	4,258
Total revenues	16,558,671	1,752,421	18,311,092	12,871,837	1,224,878	14,096,715
Expenses:						
General government	2,294,198	-	2,294,198	1,642,158	-	1,642,158
Public safety	5,834,610	-	5,834,610	5,830,883	-	5,830,883
Roads and streets	1,441,914	-	1,441,914	1,521,891	-	1,521,891
Recreation	435,707	-	435,707	435,257	-	435,257
Physical environment	174,747	-	174,747	147,702	-	147,702
Interest on long-term debt	570,433	113,646	684,079	403,442	-	403,442
Sewer	-	927,638	927,638	-	887,957	887,957
Stormwater	-	80,317	80,317	-	60,413	60,413
Parking	-	76,594	76,594	-	92,359	92,359
	10,751,609	1,198,195	11,949,804	9,981,333	1,040,729	11,022,062
Increase in net assets before transfers	5,807,062	554,226	6,361,288	2,890,504	184,149	3,074,653
Transfers	(1,326,596)	1,326,596	-	(728,347)	728,347	-
Change in net assets	4,480,466	1,880,822	6,361,288	2,162,157	912,496	3,074,653
Net assets, beginning	15,892,136	5,396,258	21,288,394	13,729,979	4,483,762	18,213,741
Net assets, ending	\$ 20,372,602	\$7,277,080	\$27,649,682	\$ 15,892,136	\$5,396,258	\$21,288,394

## **Financial Analysis of the Town's Funds**

As noted earlier, the Town of Lauderdale-By-The-Sea uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Town of Lauderdale-By-The-Sea's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town of Lauderdale-By-The-Sea's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town of Lauderdale-By-The-Sea's *governmental funds* reported combined ending fund balances of \$19,917,021, an increase of \$3,226,993 from the prior year. The general fund is the primary operating fund of the Town. At the end of the current fiscal year, the fund balance of the general fund was \$12,817,449, an increase of \$5,054,054. The key factor in this growth was management's conservative spending policy, promissory note proceeds and approach in financial planning due to economic constraints.

**Proprietary funds.** The Town of Lauderdale-By-The-Sea's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Sewer, Parking and Stormwater Funds at the end of the year amounted to \$2,759,035.

## **General Fund Budgetary Highlights**

The differences in the actual revenues and expenses as compared to the budget are summarized as follows:

- Ad valorem taxes are by law provided in the budget at a 95% rate of actual anticipated revenue to provide an allowance for uncollected taxes, however, the Town's collection were realized at 101.8%.
- Interest revenue was slightly higher due to a better rate of return on investments.
- Utility taxes and franchise fees collected were realized at 110.25%.
- Licenses, Permits and Fees were higher due to an increase in building related permits and review of site plans as a result of new construction projects.
- Intergovernmental revenues were higher due to additional grant awards and proceeds from the State for Hurricane Wilma.
- Due to management's conservative spending policy general fund actual expenditures as compared to the budget were realized at 89.1 percent. No department exceeded their annual adopted budget.

Please refer to the Budgetary Comparison Schedule for more detailed information located on page 38.

## **Capital Assets**

The Town of Lauderdale-By-The-Sea's investment in capital assets for its governmental and business type activities as of September 30, 2006, amounts to \$21,176,055 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, and improvements other than buildings, machinery and equipment.



Major capital asset events during the current fiscal year included:

- Completed Sewer and Drainage Projects in the northern part of town - Terra Mar.
- Completed four beach portal projects at Washingtonia, Hibiscus, Datura, and Pine Avenue.
- Completed property acquisition for a surface parking lot between AIA and Bougainvillea.

Additional information on the Town of Lauderdale-By-The-Sea's capital assets can be found in Note 4 on pages 29 and 30 of this report.

### **Economic Factors and Next Year's Budgets**

Economic factors that will impact the Town's General Fund in upcoming budget considerations, include: the slight increase in interest rates, the census error which continues to result in a lower population number affecting state shared revenues. The national economy still in flux and the war with Iraq could have an impact in the Town's future development.

Additionally, staff has been working with consultants to complete the following:

Review the Towns Comprehensive Land Use Plan and Code Enforcement policy to revise and adopt new ordinances to address new redevelopment projects.

Review current debt structure in anticipation of acquiring funds for additional funding of capital improvement project.

Continue to review and prioritize Towns Comprehensive Master Plan totaling capital projects of over 75 million dollars.

Review and continue to negotiate current contract with Broward County for joint construction project to build new police and fire complex.

Review and maintain appropriate staffing levels to ensure a high level of community standards and have adequate funding for ongoing operating expenses related to completed capital improvements projects in the respective budget year and in the appropriate service department.

All the above factors were considered in preparing the Town's budget for fiscal year 2006.

### **Requests for Information**

This financial report is designed to provide a general overview of the Town of Lauderdale-By-The-Sea's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, Town of Lauderdale-By-The-Sea, 4501 Ocean Drive, Lauderdale-By-The-Sea, Florida 33308.

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# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

## STATEMENT OF NET ASSETS

SEPTEMBER 30, 2006

	Governmental Activities	Business- type Activities	Total
<u>ASSETS</u>			
Cash and investments	\$ 19,873,833	\$ 2,703,412	\$ 22,577,245
Receivables	311,076	115,274	426,350
Internal balances	(6,048)	6,048	-
Prepaid expenses	56,413	1,000	57,413
Net pension asset	75,431	-	75,431
Capital assets, not depreciated:			
Land	944,159	5,020,693	5,964,852
Construction in progress	84,399	78,657	163,056
Capital assets, net of accumulated depreciation:			
Buildings and utility plant	1,575,647	2,266,092	3,841,739
Improvements other than buildings	8,665,058	-	8,665,058
Furniture, fixtures, machinery and equipment	270,985	-	270,985
Vehicles	51,058	-	51,058
Infrastructure	2,219,307	-	2,219,307
Capital assets, net	<u>13,810,613</u>	<u>7,365,442</u>	<u>21,176,055</u>
Total assets	<u>34,121,318</u>	<u>10,191,176</u>	<u>44,312,494</u>
<u>LIABILITIES</u>			
Vouchers payable and accrued liabilities	279,371	66,699	346,070
Unearned revenue	34,131	-	34,131
Deposits held in trust	4,751	-	4,751
Noncurrent liabilities:			
Due within one year	1,924,804	155,022	2,079,826
Due in more than one year	<u>11,505,659</u>	<u>2,692,375</u>	<u>14,198,034</u>
Total liabilities	<u>13,748,716</u>	<u>2,914,096</u>	<u>16,662,812</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	380,150	4,518,045	4,898,195
Unrestricted	<u>19,992,452</u>	<u>2,759,035</u>	<u>22,751,487</u>
Total net assets	<u>\$ 20,372,602</u>	<u>\$ 7,277,080</u>	<u>\$ 27,649,682</u>

See notes to basic financial statements.

# TOWN OF LAUDERDALE-BY-TH-SEA, FLORIDA

## STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2006

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental activities:						
General government	\$ 2,294,198	\$ 984,303	\$ 1,308,663	\$ -	\$ (1,232)	\$ -
Public safety	5,834,610	4,146	2,588	-	(5,827,876)	-
Roads and streets	1,441,914	569,374	66,732	898,335	92,527	-
Recreation	435,707	6,264	-	20,751	(408,692)	-
Physical environment	174,747	77,479	18,585	-	(78,683)	-
Interest on long-term debt	570,433	-	-	-	(570,433)	(113,646)
Total governmental activities	10,751,609	1,641,566	1,396,568	919,086	(6,794,389)	(113,646)
Business-type activities:						
Sewer	927,638	1,000,790	-	-	-	73,152
Parking	80,317	432,252	-	-	-	351,935
Stormwater	76,594	197,168	-	-	-	120,574
Total business-type activities	1,084,549	1,630,210	-	-	-	545,661
Total	\$ 11,836,158	\$ 3,271,776	\$ 1,396,568	\$ 919,086	(6,794,389)	(6,362,374)
General revenues:						
Property taxes and fire assessments					9,936,889	9,936,889
Franchise fees and utility taxes based on gross receipts					1,436,887	1,436,887
Miscellaneous					240,127	240,127
Communication service tax					350,519	350,519
Unrestricted interest					637,029	122,211
Transfers					(1,326,596)	1,326,596
Total general revenues and transfers					11,274,855	1,448,807
Change in net assets					4,480,466	1,880,822
Net assets - beginning					15,892,136	5,396,258
Net assets - ending					\$ 20,372,602	\$ 7,277,080

See notes to basic financial statements.

# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

## BALANCE SHEET GOVERNMENTAL FUNDS

SEPTEMBER 30, 2006

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b><u>ASSETS</u></b>				
Cash and investments	\$ 12,598,519	\$ 6,912,948	\$ 362,366	\$ 19,873,833
Receivables	297,055	14,021	-	311,076
Due from other funds	460	-	-	460
Prepaid items	56,413	-	-	56,413
Total assets	<u>\$ 12,952,447</u>	<u>\$ 6,926,969</u>	<u>\$ 362,366</u>	<u>\$ 20,241,782</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Vouchers payable and accrued liabilities	\$ 89,608	\$ 189,763	\$ -	\$ 279,371
Due to other funds	6,508	-	-	6,508
Deferred revenue	34,131	-	-	34,131
Deposits	4,751	-	-	4,751
Total liabilities	<u>134,998</u>	<u>189,763</u>	<u>-</u>	<u>324,761</u>
Fund balances:				
Reserved for:				
Prepaid items	56,413	-	-	56,413
Unreserved, reported in:				
General fund:				
Designated:				
Emergencies	2,180,749	-	-	2,180,749
Vehicle and equipment reserve	314,276	-	-	314,276
Capital assets	680,341	-	-	680,341
Subsequent years' expenditures	134,483	-	-	134,483
Undesignated	9,451,187	-	-	9,451,187
Capital projects fund:				
Designated:				
Capital assets	-	567,001	-	567,001
Subsequent years' expenditures	-	5,620,000	-	5,620,000
Undesignated	-	550,205	-	550,205
Special revenue funds:				
Unreserved	-	-	362,366	362,366
Total fund balances	<u>12,817,449</u>	<u>6,737,206</u>	<u>362,366</u>	<u>19,917,021</u>
Total liabilities and fund balances	<u>\$ 12,952,447</u>	<u>\$ 6,926,969</u>	<u>\$ 362,366</u>	

Amounts reported for governmental activities in the statement  
of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	13,810,613
A negative (NPO) net pension obligation is not considered to represent a financial asset and therefore is not reported in the governmental fund.	75,431
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(13,430,463)</u>
Net assets of governmental activities	<u>\$ 20,372,602</u>

See notes to basic financial statements.

# TOWN OF LAUDERDALE-BY-TH-SEA, FLORIDA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2006

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Property taxes and fire assessments	\$ 9,936,889	\$ -	\$ -	\$ 9,936,889
Franchise fees and utility taxes	1,436,887	-	-	1,436,887
Intergovernmental	1,117,108	-	-	1,117,108
Fines and forfeitures	484,816	-	-	484,816
Charges for services	198,798	-	-	198,798
Interest and other	454,765	166,448	15,816	637,029
Licenses and permits	191,363	-	-	191,363
Grants	554,246	921,408	-	1,475,654
Miscellaneous revenues	240,127	-	-	240,127
<b>Total revenues</b>	<u>14,614,999</u>	<u>1,087,856</u>	<u>15,816</u>	<u>15,718,671</u>
<b>Expenditures:</b>				
Current:				
General government	2,174,935	-	-	2,174,935
Public safety	5,798,650	-	1,880	5,800,530
Roads and streets	1,215,885	-	-	1,215,885
Recreation	349,687	-	-	349,687
Physical environment	146,417	-	-	146,417
Capital outlay	133,208	2,892,850	8,579	3,034,637
Debt service:				
Principal	483,743	1,351,872	-	1,835,615
Interest	171,908	435,468	-	607,376
<b>Total expenditures</b>	<u>10,474,433</u>	<u>4,680,190</u>	<u>10,459</u>	<u>15,165,082</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>4,140,566</u>	<u>(3,592,334)</u>	<u>5,357</u>	<u>553,589</u>
<b>Other financing sources (uses):</b>				
Transfers in	168,053	1,759,916	-	1,927,969
Transfers out	(3,254,565)	-	-	(3,254,565)
Debt issued	4,000,000	-	-	4,000,000
<b>Total other financing sources (uses)</b>	<u>913,488</u>	<u>1,759,916</u>	<u>-</u>	<u>2,673,404</u>
<b>Net change in fund balances</b>	<u>5,054,054</u>	<u>(1,832,418)</u>	<u>5,357</u>	<u>3,226,993</u>
<b>Fund balances - beginning</b>	<u>7,763,395</u>	<u>8,569,624</u>	<u>357,009</u>	<u>16,690,028</u>
<b>Fund balances - ending</b>	<u>\$ 12,817,449</u>	<u>\$ 6,737,206</u>	<u>\$ 362,366</u>	<u>\$ 19,917,021</u>

See notes to basic financial statements.

# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2006

Amounts reported for governmental activities in the statement of activities  
(Page 13) are different because:

Net change in fund balances - total governmental funds (Page 13)	\$ 3,226,993
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
The details of the difference are as follows:	
Capital outlay	\$3,024,748
Depreciation	<u>(413,738)</u>
Net adjustment	2,611,010
Donated capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	840,000
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.	
The details of the difference are as follows:	
Debt issued:	
Promissory notes	<u>4,000,000</u>
Principal payments:	
Notes payable	1,588,805
Line of credit	<u>283,753</u>
	<u>1,872,558</u>
Net adjustment	(2,127,442)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
The detail of the difference is as follows:	
Compensated absences	(57,007)
Governmental funds report pension contributions as expenditures. However, contributions in excess of annual pension cost is reported as a net pension asset in the statement of net assets	
	<u>(13,088)</u>
Change in net assets of governmental activities (Page 11)	<u>\$ 4,480,466</u>

See notes to basic financial statements.

# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

## STATEMENT OF NET ASSETS PROPRIETARY FUNDS

SEPTEMBER 30, 2006

	<u>Enterprise Funds</u>			
	<u>Sewer Utility</u>	<u>Parking Revenue Improvement</u>	<u>Stormwater Utility (Nonmajor Fund)</u>	<u>Totals</u>
<b><u>ASSETS</u></b>				
Current assets:				
Cash and investments	\$ 1,348,027	\$ 462,007	\$ 893,378	\$ 2,703,412
Accounts receivable	104,722	-	10,552	115,274
Prepaid expenses	1,000	-	-	1,000
Due from other funds	1,715	4,793	-	6,508
Total current assets	<u>1,455,464</u>	<u>466,800</u>	<u>903,930</u>	<u>2,826,194</u>
Noncurrent assets:				
Capital assets:				
Land	-	5,020,693	-	5,020,693
Construction in progress	-	78,657	-	78,657
Buildings and utility plant	2,552,373	249,084	3,282,083	6,083,540
Accumulated depreciation	<u>(968,363)</u>	<u>(117,250)</u>	<u>(2,731,835)</u>	<u>(3,817,448)</u>
Total noncurrent assets	<u>1,584,010</u>	<u>5,231,184</u>	<u>550,248</u>	<u>7,365,442</u>
Total assets	<u>3,039,474</u>	<u>5,697,984</u>	<u>1,454,178</u>	<u>10,191,636</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
Current liabilities:				
Vouchers payable and accrued liabilities	64,440	1,489	770	66,699
Current portion of revenue notes payable	-	51,328	103,694	155,022
Due to other funds	460	-	-	460
Total current liabilities	<u>64,900</u>	<u>52,817</u>	<u>104,464</u>	<u>222,181</u>
Noncurrent liabilities:				
Revenue notes payable	-	1,846,585	845,790	2,692,375
Total noncurrent liabilities	<u>-</u>	<u>1,846,585</u>	<u>845,790</u>	<u>2,692,375</u>
Net assets:				
Invested in capital assets, net of related debt	1,584,010	3,333,271	(399,236)	4,518,045
Unrestricted	<u>1,390,564</u>	<u>465,311</u>	<u>903,160</u>	<u>2,759,035</u>
Total net assets	<u>\$ 2,974,574</u>	<u>\$ 3,798,582</u>	<u>\$ 503,924</u>	<u>\$ 7,277,080</u>

See notes to basic financial statements.



# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2006

	<u>Enterprise Funds</u>			
	<u>Sewer Utility</u>	<u>Parking Revenue Improvement</u>	<u>Stormwater Utility (Nonmajor Fund)</u>	<u>Totals</u>
Operating revenues:				
Service revenues	\$ 1,000,790	\$ 432,252	\$ 197,168	\$ 1,630,210
Total operating revenues	<u>1,000,790</u>	<u>432,252</u>	<u>197,168</u>	<u>1,630,210</u>
Operating expenses:				
Operating, administrative and maintenance	877,626	73,539	41,762	992,927
Depreciation	50,012	6,778	34,832	91,622
Total operating expenses	<u>927,638</u>	<u>80,317</u>	<u>76,594</u>	<u>1,084,549</u>
Operating income	<u>73,152</u>	<u>351,935</u>	<u>120,574</u>	<u>545,661</u>
Non-operating revenue (expense):				
Interest income	53,620	37,359	31,232	122,211
Interest expense	-	(74,812)	(38,834)	(113,646)
Total non operating revenues (expenses)	<u>53,620</u>	<u>(37,453)</u>	<u>(7,602)</u>	<u>8,565</u>
Income before transfers	126,772	314,482	112,972	554,226
Transfers in	-	1,400,000	94,649	1,494,649
Transfers out	-	(168,053)	-	(168,053)
Change in net assets	126,772	1,546,429	207,621	1,880,822
Net assets, beginning	<u>2,847,802</u>	<u>2,252,153</u>	<u>296,303</u>	<u>5,396,258</u>
Net assets, ending	<u>\$ 2,974,574</u>	<u>\$ 3,798,582</u>	<u>\$ 503,924</u>	<u>\$ 7,277,080</u>

See notes to basic financial statements.

# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2006

	<u>Enterprise Funds</u>			
	<u>Sewer Utility</u>	<u>Parking Revenue Improvement</u>	<u>Stormwater Utility (Nonmajor Fund)</u>	<u>Totals</u>
Cash flows from operating activities:				
Cash received from customers	\$ 1,014,193	\$ 428,401	\$ 189,036	\$ 1,631,630
Cash payments to suppliers	(792,193)	(37,742)	(40,992)	(870,927)
Cash payments to employees	(43,201)	(35,840)	-	(79,041)
Net cash provided by operating activities	<u>178,799</u>	<u>354,819</u>	<u>148,044</u>	<u>681,662</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	-	1,400,000	94,649	1,494,649
Transfers to other funds	-	(168,053)	-	(168,053)
Net cash provided by financing activities	<u>-</u>	<u>1,231,947</u>	<u>94,649</u>	<u>1,326,596</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	-	(3,115,887)	(559,500)	(3,675,387)
Payment on notes payable	-	(102,087)	(50,516)	(152,603)
Interest paid	-	(74,812)	(38,834)	(113,646)
Proceeds from debt issuance	-	2,000,000	1,000,000	3,000,000
Net cash provided by (used) in capital and related financing activities	<u>-</u>	<u>(1,292,786)</u>	<u>351,150</u>	<u>(941,636)</u>
Cash flows from investing activities:				
Interest on investments	<u>53,620</u>	<u>37,359</u>	<u>31,232</u>	<u>122,211</u>
Net increase in cash and investments	232,419	331,339	625,075	1,188,833
Cash and investments, beginning	<u>1,115,608</u>	<u>130,668</u>	<u>268,303</u>	<u>1,514,579</u>
Cash and investments, ending	<u>\$ 1,348,027</u>	<u>\$ 462,007</u>	<u>\$ 893,378</u>	<u>\$ 2,703,412</u>

(Continued)

See notes to basic financial statements.

# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

(Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2006

	<u>Enterprise Funds</u>			
	<u>Sewer</u>	<u>Parking</u>	<u>Stormwater</u>	
	<u>Utility</u>	<u>Revenue</u>	<u>Utility</u>	
		<u>Improvement</u>	<u>(Nonmajor</u>	
			<u>Fund)</u>	<u>Totals</u>
Reconciliation of operating income to				
net cash provided by operating activities:				
Operating income	\$ 73,152	\$ 351,935	\$ 120,574	\$ 545,661
Adjustments to reconcile operating income				
to net cash provided by operating activities:				
Depreciation	50,012	6,778	34,832	91,622
Changes in operating assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	16,118	942	(8,133)	8,927
Prepaid expenses	(1,000)	-	-	(1,000)
Due from other funds	(1,715)	(4,793)	-	(6,508)
Increase (decrease) in:				
Vouchers payable and accrued liabilities	41,772	(43)	771	42,500
Due to other funds	460	-	-	460
Total adjustments	105,647	2,884	27,470	136,001
Net cash provided by operating activities	\$ 178,799	\$ 354,819	\$ 148,044	\$ 681,662

See notes to basic financial statements.

# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

## STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUND

SEPTEMBER 30, 2006

	Pension Trust <u>Fund</u>
<u>ASSETS</u>	
Cash held with trustee	\$ 10,446
Investments	522,457
Contributions receivable	<u>3,435</u>
Total assets	536,338
<u>LIABILITIES</u>	
Accounts payable	<u>2,204</u>
<u>NET ASSETS</u>	
Net assets held in trust for pension benefits	<u>\$ 534,134</u>

See notes to basic financial statements.

# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2006

	Pension Trust <u>Fund</u>
ADDITIONS	
Contributions:	
Volunteer Fire Department	\$ 11,810
State, transferred from general fund	77,185
Town	<u>11,810</u>
Total contributions	<u>100,805</u>
Investment income :	
Net appreciation in fair value of investments	47,276
Interest	<u>80</u>
Net investment income	<u>47,356</u>
Total additions	<u>148,161</u>
DEDUCTIONS	
Pension benefits	14,404
Refunds	2,950
Administrative expenses	<u>869</u>
Total deductions	<u>18,223</u>
Net increase	129,938
Net assets held in trust for pension benefits:	
Beginning	<u>404,196</u>
Ending	<u>\$ 534,134</u>

See notes to basic financial statements.

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## **NOTES TO BASIC FINANCIAL STATEMENTS**

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# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2006

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Lauderdale-By-The-Sea, Florida (the Town) was incorporated in 1947. The Town operates under a Commission-Manager form of government and provides a full range of municipal services, including public safety (police and fire), parks and recreation, public works, building, zoning and code enforcement and general administrative services. The Town also operates three enterprise activities: sewer, parking improvement and stormwater.

The basic financial statements of the Town have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

#### 1. Reporting Entity

The financial statements were prepared in accordance with governmental accounting standards, which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the Town, organizations for which the Town is financially accountable and other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town is financially accountable for a component unit if it appoints a voting majority of the organization's governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Town. A blended component unit, although a legally separate entity, is, in substance, part of the Town's operations and so data from this unit is combined with data of the Town. Based upon the application of these criteria, there were no organizations that met the criteria described above.

#### 2. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and inter-governmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Interfund services provided and used are not eliminated in the process of consolidation.



# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2. Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### 3. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services, franchise fees and other taxes, intergovernmental revenues, and interest associated with the current fiscal period are considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. Revenues for expenditure driven grants are recognize when the qualifying expenditures are included. Other receipts and fees become measurable and available when cash is received by the Town and are recognized as revenue at that time.

# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all or most of the Town's general activities except those required to be accounted for in another fund.

The *Capital Projects Fund* is used to account for the acquisition and construction of major capital facilities.

The Town reports the following nonmajor governmental fund:

The *Police Training and Forfeiture Fund* is used to account for the portion of traffic citation revenue dedicated to police training, the confiscation of property and the related authorized law enforcement expenditures.

The Town reports the following major proprietary funds:

The *Sewer Utility Fund* accounts for the activities associated with providing sewer services within the Town.

The *Parking Revenue Improvement Fund* accounts for parking meter revenue in the Town's business district.

The Town reports the following nonmajor proprietary fund:

The *Stormwater Utility Fund* accounts for the activities associated with providing stormwater services within the Town. Although this fund is presented in the basic financial statements, it is not presented as or reported on as a major fund.

Additionally, the Town reports the following fund type:

The *Pension Trust Fund* accounts for the activities of the Volunteer Fire Department's Pension Plan and the accumulation of resources for pension benefits.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Town has the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's various utility functions and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as needed.

#### 4. Capital Assets

Capital assets, which include property, plant and equipment, and all infrastructure assets acquired prior to implementation of GASB No. 34 (e.g., roads, bridges, sidewalks, bike paths and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

The costs of normal maintenance and repairs that does not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred in both the Parking Revenue Improvement Fund and the Stormwater Fund was \$113,646. Of this amount, \$-0- was included as part of the cost of the Parking Revenue Improvement Fund capital assets and \$-0- was included as part of the cost of the Stormwater Fund capital assets.

# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 4. Capital Assets (Continued)

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30-50
Utility plant	25-75
Infrastructure	50
Improvements other than buildings	25
Furniture, fixtures, machinery and equipment	5-10
Motor vehicles	5-7

#### 5. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance to indicate that a portion of fund balance is not available for appropriation or is legally segregated for a specific future use. The description of each reserve indicates the purpose for which each was intended.

Designated fund balance indicates that a portion of fund equity has been segregated based on tentative plans of the Town. Such plans or intent are subject to change.

Unreserved undesignated fund balance is the portion of fund equity available for any lawful use.

#### 6. Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the period reported. These estimates include assessing the collectibility of accounts receivable, the use and recoverability of inventory, pension and postretirement obligations, and useful lives and impairment of tangible and intangible assets, among others. Actual results could differ from these estimates.

#### 7. Deposits and Investments

Town administration is authorized to invest in those instruments authorized by the Florida statutes.

# **TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**

## **NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **7. Deposits and Investments (Continued)**

Investments are reported at fair value. In accordance with the Town's investment policy, investments consist of funds maintained with the State Board of Administration Investment Pool, and are reported at the fair value of its position in the Pool which is the same as its value of the Pool shares. Income from investments is recorded as earned.

Cash and cash equivalents, for purposes of the statement of cash flows, include cash and investments which are defined as short-term, highly liquid investments with original maturities of three months or less.

#### **8. Compensated Absences**

Town employees are granted vacation in varying amounts based on length of service and sick leave at the rate of one day per month. Up to 30 days of vacation time and 60 days of sick leave may be accrued and carried forward into the next year. In the event of termination, an employee is reimbursed for accumulated vacation days. Employees are reimbursed for 25 percent of accumulated sick leave upon leaving Town employment in good standing.

The cost of accumulated vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee retirements or resignations. The general fund has been used to liquidate these amounts.

#### **9. Long-Term Obligations**

In the government-wide financial statements, and in the proprietary fund types of the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets.

#### **10. Property Taxes**

Property taxes are assessed as of January 1 each year and are first billed (levied) and due the following November 1.

Under Florida law, the assessment of all properties and the collection of all county, municipal, school board and special district property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws for the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to 10 mills (\$10 per \$1,000 of assessed taxable valuation). The millage rate assessed by the Town for the year ended September 30, 2006 was 4.700 mills.

# **TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**

## **NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **10. Property Taxes (Continued)**

The tax levy of the Town is established by the Commission prior to October 1 of each year, and the County Property Appraiser incorporates the millage into the local tax levy, which includes Broward County, Broward County School Board and special taxing districts.

All property is reassessed according to its fair market value as of January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State Statutes.

All real and tangible personal property taxes are due and payable on November 1 each year. Broward County mails to each property owner on the assessment roll a notice of the taxes due and Broward County also collects the taxes for the Town. Taxes may be paid upon receipt of such notice from Broward County, with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount, and all unpaid taxes on real and tangible personal property become delinquent and liens are placed on April 1 of the year following the year in which taxes were assessed. Procedures for the collection of delinquent taxes by Broward County are provided for in the Laws of Florida. There were no material delinquent property taxes at September 30, 2006.

### **NOTE 2. DEPOSITS AND INVESTMENTS**

#### ***Deposits***

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. The Town's deposits at year end are insured or collateralized with securities held by the entity or by its agent in the entity's name.

#### ***Investments***

The State Board of Administration is part of the Local Government Surplus Funds Trust Fund and is governed by Ch. 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of the Local Government Surplus Funds Trust Fund. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the State Board of Administration. The Local Government Surplus Funds Trust Fund is not a registrant with the Securities and Exchange Commission (SEC); however, the board has adopted operating procedures consistent with the requirements for a 2a-7 fund.

# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

#### *Investments* (Continued)

##### **Interest Rate Risk**

As of September 30, 2006, the Town had the following investments.

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Repurchase agreement:		
Federal Home Loan Mortgage	8/1/2035	\$ 1,455,322
Federal National Mortgage Association	1/1/2034	1,413,527

The Town participates in the State Board of Administration (SBA) investment pool.

##### Interest Rate Risk Policy

The Town has an investment policy that limits the maturities on repurchase agreements to no more than 90 days. The investments at September 30, 2006 meet our investment policy restrictions.

##### **Credit Risk**

The Town has an investment policy that structures its investment portfolio in such a manner as to provide sufficient liquidity to pay obligations as they come due with an emphasis on safety of capital. Investments are limited to the highest ratings by two of nationally recognized statistical rating organizations (NRSRO) (Standard and Poor's and Moody's investment services). Investments in U.S. Government Agencies are rated AAA and Aaa, respectively. Excess funds are also sent daily to the SBA for their investment. The SBA does not have a rating from a NRSRO. This is the only external investment pool that the Town can invest in.

##### **Concentration of Credit Risk**

GASB Statement 40 requires disclosure when the percentage is 5% or more in any one issuer. The investment in the Federal Home Loan Bank is 20%. Given the restriction to the highest rating, the additional concentration is not viewed to be an additional risk by the Town.

# TOWN OF LAUDERDALE-BY-TH-SEA, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 3. RECEIVABLES

Receivables as of September 30, 2006 for the Town's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Sewer</u>	<u>Non-Major</u>	<u>Total</u>
Receivables:				
Billed	\$ -	\$ 104,722	10,552	\$ 115,274
Utility Tax	16,403	-	-	16,403
Intergovernmental	280,652	-	-	280,652
Other	14,021	-	-	14,021
Gross receivables	311,076	104,722	10,552	426,350
Less allowance for uncollectibles	-	-	-	-
Net total receivables	<u>\$ 311,076</u>	<u>\$ 104,722</u>	<u>\$ 10,552</u>	<u>\$ 426,350</u>

Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, *unearned revenue* reported in the governmental funds was as follows:

Occupational licenses	<u>\$ 34,131</u>
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### NOTE 4. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 944,159	\$ -	\$ -	\$ 944,159
Construction in process	546,780	-	(462,381)	84,399
Total capital assets not being depreciated	<u>1,490,939</u>	<u>-</u>	<u>(462,381)</u>	<u>1,028,558</u>
Capital assets being depreciated:				
Buildings	2,296,474	-	-	2,296,474
Improvements other than buildings	5,932,525	3,350,731	-	9,283,256
Furniture, fixtures, machinery and equipment	482,708	93,170	(12,664)	563,214
Motor vehicles	399,683	43,228	(5,399)	437,512
Infrastructure	5,140,221	840,000	-	5,980,221
Total capital assets being depreciated	<u>14,251,611</u>	<u>4,327,129</u>	<u>(18,063)</u>	<u>18,560,677</u>



# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 4. CAPITAL ASSETS (Continued)

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	Ending <u>Balance</u>
Less accumulated depreciation for:				
Buildings	693,427	27,400	-	720,827
Improvements other than buildings	463,184	155,014	-	618,198
Furniture, fixtures, machinery and equipment	266,061	44,231	(12,664)	297,628
Motor vehicles	343,720	42,734	(5,399)	381,055
Infrastructure	3,616,555	144,359	-	3,760,914
Total accumulated depreciation	<u>5,382,947</u>	<u>413,738</u>	<u>(18,063)</u>	<u>5,778,622</u>
Total capital assets being depreciated, net	<u>8,868,664</u>	<u>3,913,391</u>	<u>-</u>	<u>12,782,055</u>
Governmental activities capital assets, net	<u>\$ 10,359,603</u>	<u>\$ 3,913,391</u>	<u>\$ (462,381)</u>	<u>\$ 13,810,613</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,993,014	\$ 3,027,679	\$ -	\$ 5,020,693
Construction in progress	<u>16,832</u>	<u>61,825</u>	<u>-</u>	<u>78,657</u>
Total capital assets not being depreciated	<u>2,009,846</u>	<u>3,089,504</u>	<u>-</u>	<u>5,099,350</u>
Capital assets being depreciated:				
Buildings and utility plant	<u>5,497,658</u>	<u>585,882</u>	<u>-</u>	<u>6,083,540</u>
Total capital assets being depreciated	<u>5,497,658</u>	<u>585,882</u>	<u>-</u>	<u>6,083,540</u>
Less accumulated depreciation for:				
Buildings and utility plant	<u>3,725,826</u>	<u>91,622</u>	<u>-</u>	<u>3,817,448</u>
Total capital assets being depreciated, net	<u>1,771,832</u>	<u>494,260</u>	<u>-</u>	<u>2,266,092</u>
Business-type activities capital assets, net	<u>\$ 3,781,678</u>	<u>\$ 3,583,764</u>	<u>\$ -</u>	<u>\$ 7,365,442</u>

Depreciation expense was charged to functions/programs of the Town as follows:

Governmental activities:	
General government	\$ 62,255
Public safety	11,104
Recreation	86,020
Roads and streets	226,029
Physical environment	<u>28,330</u>
Total depreciation expenses - governmental activities	<u>\$ 413,738</u>
Business-type activities:	
Sewer utility	\$ 50,012
Parking revenue improvement	6,778
Stormwater utility	<u>34,832</u>
Total depreciation expenses - business-type activities	<u>\$ 91,622</u>

# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 5. INTERFUND TRANSFERS

Interfund activity for the Town is summarized as follows for the fiscal year ended September 30, 2006:

#### Due to/from other funds

<u>Due To</u>	<u>Due From</u>		<u>Total</u>
	<u>Sewer fund</u>	<u>General fund</u>	
General fund	\$ 460	\$ -	\$ 460
Sewer	-	1,715	1,715
Parking revenue	-	4,793	4,793
	<u>\$ 460</u>	<u>\$ 6,508</u>	<u>\$ 6,968</u>

#### Interfund transfers

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>	<u>Transfer Purpose</u>
General fund	Capital improvements fund	\$ 1,759,916	Capital Projects
Parking revenue fund	General fund	168,053	Interfund Transfer
General fund	Parking revenue fund	1,400,000	Capital Projects
General fund	Stormwater fund	94,649	Storm Drains and Outfalls
		<u>\$ 3,422,618</u>	

### NOTE 6. LONG-TERM DEBT

Changes in long-term liabilities for the fiscal year ended September 30, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Promissory note	\$ 6,469,097	\$ -	\$ (967,162)	\$ 5,501,935	\$ 1,008,507
Promissory note	890,624	-	(137,974)	752,650	141,894
Promissory note	790,978	-	(281,603)	509,375	288,460
Line of credit	35,017	-	(35,017)	-	-
Line of credit	2,907,342	-	(248,736)	2,658,606	259,635
Promissory note	-	4,000,000	(202,066)	3,797,934	205,312
Compensated absences	152,956	57,007	-	209,963	20,996
	<u>\$ 11,246,014</u>	<u>\$ 4,057,007</u>	<u>\$ (1,872,558)</u>	<u>\$ 13,430,463</u>	<u>\$ 1,924,804</u>

# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 6. LONG-TERM DEBT (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business activities:					
Promissory note	\$ -	\$ 1,000,000	\$ (50,516)	\$ 949,484	\$ 51,328
Promissory note	-	2,000,000	(102,087)	1,897,913	103,694
	<u>\$ -</u>	<u>\$ 3,000,000</u>	<u>\$ (152,603)</u>	<u>\$ 2,847,397</u>	<u>\$ 155,022</u>

#### *Governmental Activities*

#### **Promissory Notes and Lines of Credit**

In September 2001, the Town borrowed \$10,000,000 at a 4.629% interest rate from SunTrust Bank. This debt was restructured in order to obtain lower interest rates and to obtain additional funding for future capital expenditures authorized by the Town Commission in March 2003. The Town refinanced the balance of \$8,775,833 at 4.299% interest rate compounded quarterly from SunTrust Bank. In addition, in May 2003, the Town borrowed an additional \$1,224,167 at 2.933% interest rate compounded quarterly from SunTrust Bank. These notes mature on June 28, 2011.

In May 2003, the Town borrowed \$1,400,000 at 2.4367% interest rate compounded quarterly from SunTrust Bank. The Town obtained the funding from the acquisition of building as authorized by the Town Commission. The note matures on May 28, 2008.

In May 2003, the Town established a \$3,000,000 line of credit of which \$50,000 was drawn down from SunTrust Bank at 2.871% interest rate compounded quarterly. The line of credit was established to facilitate the acquisition of property within the Town. The note matures on May 31, 2010. In April 2005, the remaining \$2,950,000 was drawn down from at a 3.943% interest rate compounded quarterly. The note matures on May 28, 2015.

In October 2005, the Town borrowed \$4,000,000 note at a 4.1% interest rate compounded monthly from SunTrust Bank. The note is secured by available Non-Ad Valorem Revenues. The note requires Non-Ad Valorem Revenues to be 120% of all future and current debt that is secured by Non-Ad Valorem Revenues. All future debt of \$500,000 or greater must have prior approval from SunTrust Bank.

# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 6. LONG-TERM DEBT (Continued)

#### *Governmental Activities (Continued)*

#### Promissory Notes and Lines of Credit (Continued)

Debt service requirements to maturity on the governmental debt are as follows:

	<u>\$8,775,833 Note</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2007	\$ 1,008,507	\$ 220,452	\$ 1,228,959
2008	1,052,567	176,392	1,228,959
2009	1,098,551	130,408	1,228,959
2010	1,146,545	82,414	1,228,959
2011	<u>1,195,765</u>	<u>33,194</u>	<u>1,228,959</u>
Total	<u>\$ 5,501,935</u>	<u>\$ 642,860</u>	<u>\$ 6,144,795</u>
	<u>\$1,224,167 Note</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2007	\$ 141,894	\$ 20,529	\$ 162,423
2008	146,102	16,321	162,423
2009	150,435	11,989	162,424
2010	154,896	7,528	162,424
2011	<u>159,323</u>	<u>3,100</u>	<u>162,423</u>
Total	<u>\$ 752,650</u>	<u>\$ 59,467</u>	<u>\$ 812,117</u>
	<u>\$1,400,000 Note</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2007	\$ 288,460	\$ 9,788	\$ 298,248
2008	<u>220,915</u>	<u>2,761</u>	<u>223,676</u>
Total	<u>\$ 509,375</u>	<u>\$ 12,549</u>	<u>\$ 521,924</u>
	<u>\$2,950,000 Line of Credit</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2007	\$ 259,635	\$ 100,985	\$ 360,620
2008	270,025	90,595	360,620
2009	280,830	79,790	360,620
2010	292,068	68,552	360,620
2011	303,756	56,864	360,620
2012-2016	<u>1,252,292</u>	<u>100,034</u>	<u>1,352,326</u>
Total	<u>\$ 2,658,606</u>	<u>\$ 496,820</u>	<u>\$ 3,155,426</u>

# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 6. LONG-TERM DEBT (Continued)

#### *Governmental Activities* (Continued)

#### Promissory Notes and Lines of Credit (Continued)

	\$4,000,000 Note		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2007	\$ 205,312	\$ 152,585	\$ 357,897
2008	213,860	144,037	357,897
2009	222,764	135,133	357,897
2010	232,038	125,859	357,897
2011	241,699	116,198	357,897
2012-2016	1,368,088	421,398	1,789,486
2017-2021	<u>1,314,173</u>	<u>117,415</u>	<u>1,431,588</u>
Total	<u>\$3,797,934</u>	<u>\$1,212,625</u>	<u>\$5,010,559</u>

#### *Business-Type Activities*

#### Promissory Notes

In October 2005, the Town borrowed \$1,000,000 at a 4.1% interest rate compounded monthly from SunTrust Bank. The note is secured by the pledge of and lien on stormwater fees and Non-Ad Valorem revenues if a shortfall occurs. The note requires Non-Ad Valorem Revenues to be 120% of all future and current debt that is secured by Non-Ad Valorem Revenues. All future debt of \$500,000 or greater must have prior approval from SunTrust Bank.

In October 2005, the Town borrowed \$2,000,000 at a 3.950% interest rate compounded monthly from SunTrust Bank. The note is secured by the pledge of and lien on parking fees and Non-Ad Valorem revenues if a shortfall occurs. The note requires Non-Ad Valorem Revenue to be 120% of all future and current debt that is secured by Non-Ad Valorem Revenues. All future debt of \$500,000 or greater must have prior approval from SunTrust Bank.

Debt service requirements to maturity on the enterprise notes are as follows:

	\$1,000,000 Note		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2007	\$ 51,328	\$ 38,146	\$ 89,474
2008	53,465	36,009	89,474
2009	55,691	33,783	89,474
2010	58,010	31,464	89,474
2011	60,425	29,049	89,474
2012-2016	342,022	105,349	447,371
2017-2021	<u>328,543</u>	<u>29,354</u>	<u>357,897</u>
Total	<u>\$ 949,484</u>	<u>\$ 303,154</u>	<u>\$1,252,638</u>

# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 6. LONG-TERM DEBT (Continued)

#### *Business-Type Activities (Continued)*

#### **Promissory Notes (Continued)**

	\$2,000,000 Note		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2007	\$ 103,694	\$ 73,444	\$ 177,138
2008	107,851	69,287	177,138
2009	112,174	64,964	177,138
2010	116,671	60,467	177,138
2011	121,348	55,790	177,138
2012-2016	683,733	201,956	885,689
2017-2021	652,442	56,109	708,551
Total	<u>\$ 1,897,913</u>	<u>\$ 582,017</u>	<u>\$ 2,479,930</u>

### NOTE 7. COMMITMENTS AND CONTINGENCIES

#### *Interlocal Agreement*

The Town entered into an interlocal agreement with Broward County and the Broward Sheriff's Office on June 22, 2004 with an effective date of October 1, 2004 for emergency medical services within the municipal services benefit unit as well as fire protection services in the Town. The agreement is for a five (5) year period and can be renewed for an additional four periods of five (5) years each, for a total of twenty-five (25) years, without further action of the parties, unless terminated by either party as provided in the agreement.

#### *Contingent Liabilities*

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

#### *Litigation, Claims and Assessments*

There are currently four cases pending against the Town wherein the claims period has expired and litigation is anticipated within the next 60 days. These four pending claims all allege violations of the Bert J. Harris Jr. Private Property Rights Act. It is anticipated that the Town will vigorously defending these claims. In the event of an unfavorable outcome, the exposure to the Town could be extensive, exceeding \$20 million.

# **TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**

## **NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

### **NOTE 7. COMMITMENTS AND CONTINGENCIES (Continued)**

#### ***Litigation, Claims and Assessments (Continued)***

There was a state court action in which the Town was sued to compel the Town to review a site plan. The Plaintiff prevailed in the trial court and the case is on appeal by the Town. The initial claim alluded to damages for delay and interference with property rights, but no amount was stated. Absent a more specific demand, there is no estimate of the amount of damages the Plaintiff will be seeking.

The developers of the Oriana Project are seeking site plan amendment. The developers have sued two members of the Town's Planning and Zoning Board, asserting that those members are engaged in a civil conspiracy to violate state law, provisions of the state constitution, and the right of the Developer. It is alleged that any interference which delays the project will result in \$10,000 per day in damages. The Town is not a named party. The Town has requested that the Florida League of Cities provide a defense and it is in the process of making an appearance on behalf of the defendant board members.

There is currently a case pending involving a group of citizens that have initiated a recall petition seeking to recall the Mayor from office. If the Mayor successfully defends the recall petition, the Mayor may be entitled to reimbursement of attorney fees and costs from the Town. A claim of that nature could well exceed \$10,000.

#### ***Grants***

Grant monies received and disbursed by the Town are for specific purposes and may be subject to audit by the grantor agencies. Such audits may result in requests for reimbursements due to disallowed expenditures or other actions by grantor agencies. Based upon prior experience, the Town does not believe that such disallowances or other actions taken by the grantor agencies, if any, would have a material effect on the financial position of the Town.

### **NOTE 8. FLORIDA RETIREMENT SYSTEM**

#### ***Plan Description***

The Town participates in the Florida Retirement System (FRS), a cost-sharing multiple employer Public Employee Retirement System (PERS). The FRS issues a publicly available financial report that includes financial statements and required supplementary information for the PERS. Copies of the FRS's annual report for the year ended June 30, 2006 may be obtained by writing to the Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000. Payroll for Town employees covered by the System for the year ended September 30, 2006 was approximately \$1,500,000.

All full-time Town employees are eligible to participate in the System. Normal retirement is at 6 years of credited service and age 62 or at 30 years of credited service regardless of age for regular members.

# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 8. FLORIDA RETIREMENT SYSTEM (Continued)

#### *Plan Description* (Continued)

Benefits vest after six years of credited service. Early retirement may be taken any time after vesting; however, there is a five percent benefit reduction for each year prior to normal retirement age or date. The System also provides disability and survivor benefits. Benefits are established by State statute.

#### *Funding Policy*

Employees cannot contribute to the System. The Town is required to contribute a certain percentage of employee compensation per year.

#### *Funding Policy* (Continued)

The following are the required contributions and the percentage contributed by the Town for the current year and the preceding two years:

	<u>Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
Fiscal year ending September 30:			
2004	\$ 114,288	\$ 114,288	100%
2005	120,410	120,410	100%
2006	136,933	136,933	100%

### NOTE 9. VOLUNTEER FIREFIGHTERS PENSION FUND

#### *Basis of Accounting*

The Volunteer Firefighters Pension Plan (the Plan) financial statements are prepared on the accrual basis of accounting. All contributions are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements.

#### *Investments*

Investments, which consist primarily of mutual funds, are carried at fair value. Interest is recognized when earned. Purchases and sales are recorded on a trade-date basis.

Within certain limitations as specified in the Plan, the investment policy is approved by the Commission as recommended by the Board of Trustees and is implemented by the Plan's investment advisor.



# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 9. VOLUNTEER FIREFIGHTERS PENSION FUND (Continued)

#### *Plan Description*

The Volunteer Firefighters Pension Plan is a single-employer Public Employee Retirement System (PERS) defined benefit pension plan. Volunteer firefighters do not receive salaries but receive incentive pay based on calls to which they respond. Participants should refer to the Plan documents for more complete information. A publicly available financial statement for the Plan can be obtained from the Board of Trustees, 255 Commercial Boulevard, Suite 200, Lauderdale-By-The-Sea, Florida.

As of October 1, 2005, the date of the latest actuarial valuation, firefighters' membership data related to the Plan as stated in the actuarial valuation was as follows:

Retirees and beneficiaries currently receiving benefits and former volunteers entitled to receive benefits but not yet receiving them	<u>9</u>
Current volunteers:	-
Fully vested	<u>80</u>
Non-vested	<u>89</u>

All volunteer firefighters of the Town are eligible for membership in the Plan; eligibility is determined by a point system whereby a firefighter must accumulate 30 points during a Plan year to be credited for one year of service. Points are accumulated by attendance at meetings, drills, fires and false alarms. Normal retirement is at age 55 and 10 years of credited service. The benefit is \$10 per month for each year of credited service payable in a life annuity, with other options available. Disability benefits are available for total and permanent disability payable at \$10 per month for each year of credited service. Death benefits are available under the same terms as normal retirement benefits.

#### *Funding Policy*

Firefighters are not required to contribute to the Plan but may voluntarily do so. Contributions from the State of Florida are based on the amount of fire insurance premiums written by private insurers on property within Town limits. The Town is required to contribute if there is any shortfall between the State's contributions and funding requirements of the Plan.

Funding is based on actuarial determined required contributions using the frozen entry age actuarial cost method under which the excess of actuarial present value of projected benefits of the group over the actuarial value of assets is allocated over the service of the group, not as a sum of individual allocations. Annual required contribution as determined by the actuarial valuation was \$36,708; based on estimated State contributions of \$16,735, contributions by the Town of \$19,973 would be required. The State contributions are received by the Town and remitted to the Volunteer Fire Department treasurer for deposit to the pension bank account.

# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 9. VOLUNTEER FIREFIGHTERS PENSION FUND (Continued)

#### *Annual Pension Cost and Net Pension Asset*

The annual pension cost and net pension asset as of the latest actuarial valuation is as follows:

Annual required contribution	\$36,708
Interest on net pension asset	-
Adjustment to annual required contribution	-
Annual pension cost	36,708
Contributions made	23,621
Decrease in net pension asset	(13,087)
Net pension asset, beginning of year	88,518
Net pension asset, end of year	<u>\$75,431</u>

The annual required contribution for 2006 was determined as part of the most recent actuarial report dated October 1, 2005, using the frozen entry age actuarial cost method. The actuarial assumptions included a 7% investment rate of return net of administrative expenses and an inflation component of 4%.

Trend Information			
Fiscal Year <u>Ending</u>	Annual Pension Cost (APC) <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Asset</u>
9/30/2004	\$ 24,664	216.5%	\$84,933
9/30/2005	24,294	103.9%	88,518
9/30/2006	36,708	64.4%	75,431

### NOTE 10. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the Town carries commercial insurance. There were no significant reductions in insurance coverage from coverages in the prior year. The Town provides employee medical benefits through commercial insurance coverage. Settlements during the previous three years did not exceed insurance coverage.

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**REQUIRED SUPPLEMENTARY INFORMATION  
(OTHER THAN MD&A)**

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# TOWN OF LAUDERDALE-BY-THA-SEA, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u>
Revenues:				
Property taxes and fire assessments	\$ 9,867,971	\$ 9,867,971	\$ 9,936,889	\$ 68,918
Franchise fees and utility taxes	1,314,884	1,314,884	1,436,887	122,003
Intergovernmental	1,004,183	1,004,183	1,117,108	112,925
Fines and forfeitures	542,880	542,880	484,816	(58,064)
Charges for services	289,311	289,311	198,798	(90,513)
Interest	132,729	132,729	454,765	322,036
Licenses and permits	86,969	86,969	191,363	104,394
Grants	104,271	104,271	554,246	449,975
Miscellaneous revenues	179,872	179,872	240,127	60,255
Total revenues	<u>13,523,070</u>	<u>13,523,070</u>	<u>14,614,999</u>	<u>1,091,929</u>
Expenditures:				
Current:				
General government	3,246,320	3,215,782	2,174,935	1,040,847
Public safety	6,141,828	6,141,828	5,798,650	343,178
Roads and streets	1,570,759	1,509,822	1,215,885	293,937
Recreation	333,985	361,759	349,687	12,072
Physical environment	127,237	153,457	146,417	7,040
Capital outlay	100,600	138,081	133,208	4,873
Debt service	656,148	656,148	655,651	497
Total expenditures	<u>12,176,877</u>	<u>12,176,877</u>	<u>10,474,433</u>	<u>1,702,444</u>
Other financing sources (uses):				
Transfers out	(1,854,588)	(1,854,588)	(3,254,565)	(1,399,977)
Transfers in	-	-	168,053	168,053
Debt issued	-	-	4,000,000	4,000,000
Total other financing sources (uses)	<u>(1,854,588)</u>	<u>(1,854,588)</u>	<u>913,488</u>	<u>2,768,076</u>
Net change in fund balances	<u>\$ (508,395)</u>	<u>\$ (508,395)</u>	<u>\$ 5,054,054</u>	<u>\$ 5,562,449</u>

See note to budgetary comparison schedule.

# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE CAPITAL PROJECTS FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u>
Revenues:				
Grants	\$ 1,277,555	\$ 1,277,555	\$ 921,408	\$ (356,147)
Interest and other	75,000	75,000	166,448	91,448
Total revenues	<u>1,352,555</u>	<u>1,352,555</u>	<u>1,087,856</u>	<u>(264,699)</u>
Expenditures:				
Contingency	250,000	250,000	-	250,000
Depreciation	186,031	186,031	-	186,031
Capital outlay	6,413,153	8,714,069	2,892,850	5,821,219
Debt service:				
Principal	1,360,725	1,351,873	1,351,872	1
Interest	399,191	435,470	435,468	2
Total expenditures	<u>8,609,100</u>	<u>10,937,443</u>	<u>4,680,190</u>	<u>6,257,253</u>
Deficiency of revenues over expenditures	(7,256,545)	(9,584,888)	(3,592,334)	5,992,554
Other financing sources:				
Transfers in	1,759,916	1,759,916	1,759,916	-
Carryover	<u>5,496,629</u>	<u>5,496,629</u>	<u>1,832,418</u>	<u>3,664,211</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (2,328,343)</u>	<u>\$ -</u>	<u>\$ 2,328,343</u>

See note to budgetary comparison schedule.

# **TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**

## **NOTE TO BUDGETARY COMPARISON SCHEDULE**

**FISCAL YEAR ENDED SEPTEMBER 30, 2005**

### **NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING**

Annual appropriated budgets are adopted for all governmental and proprietary funds on a basis consistent with accounting principles generally accepted in the United States except for debt service expenditures and compensated absences.

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- (a) The Town Manager submits to the Commission a proposed operating and capital budget for the ensuing fiscal year. The budget includes proposed expenditures and the means of financing them.
- (b) Public hearings are conducted to obtain taxpayer comments.
- (c) Prior to October 1, the budget is legally enacted through passage of an ordinance.
- (d) The Town Commission, by motion, may make supplemental appropriations for the year. There were no supplemental appropriations for the year ended September 30, 2005.
- (e) Formal budgetary integration is employed as a management control device during the year for the general fund.
- (f) The Town Manager is authorized to transfer part or all of an unencumbered appropriation balance within a fund; however, any revisions that alter the total appropriations of any fund must be approved by the Town Commission. The classification detail at which expenditures may not legally exceed appropriations is at the fund level.
- (g) Unencumbered appropriations lapse at fiscal year end. Unencumbered amounts are reappropriated in the following year's budget.
- (h) Budgeted amounts are as originally adopted or as amended. Individual type amendments were not material in relation to the original appropriations.

# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION

### SCHEDULE OF CONTRIBUTIONS FROM THE TOWN AND OTHER CONTRIBUTING ENTITIES

<u>RETIREMENT PLAN FOR VOLUNTEER FIREFIGHTERS</u>				
<u>Fiscal Year Ended September 30,</u>	<u>Annual Required Contribution</u>	<u>Contributions from Town</u>	<u>Contributions from State</u>	<u>Percentage Contributed</u>
2001	\$ 11,794	\$ 4,646	\$ 38,774	362.2%
2002	11,794	6,494	30,871	316.8%
2003	28,343	11,608	30,871	265.9%
2004	24,664	17,804	35,589	199.9%
2005	20,294	13,674	14,205	103.9%
2006	36,708	11,810	77,185	653.6%

The information presented was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follow:

Valuation date	October 1, 2005
Actuarial cost method	Frozen entry age
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7% compounded annually
Projected salary increases	N/A
Cost of living adjustments	None



**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS

SEPTEMBER 30, 2006

RETIREMENT PLAN FOR VOLUNTEER FIREFIGHTERS

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability AAL - Entry Age (b)	Unfunded Actuarial Accrued Liability (UAAL) (b) - (a)	Funded Ratio (a) / (b)
10/1/1997	\$ 181,337	\$ 160,453	\$ (20,884)	113.0%
10/1/1999	227,535	189,763	(37,772)	119.9%
10/1/2002	179,222	231,741	52,519	77.3%
10/1/2003	230,470	257,129	26,659	89.6%
10/1/2004	298,795	282,593	(16,202)	105.7%
10/1/2005	341,169	298,072	(43,097)	114.5%

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## **INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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## **GOVERNMENTAL FUND TYPES**

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## **GENERAL FUND**

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The General Fund is the principal operating fund of the Town and is used to account for resources traditionally associated with governments which are not required legally or by sound financial management to be accounted for in another fund.

# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

## GENERAL FUND COMPARATIVE BALANCE SHEETS

SEPTEMBER 30, 2006  
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005)

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash and investments	\$ 12,598,519	\$ 7,630,905
Receivables	297,055	282,258
Due from other funds	460	-
Prepaid items	<u>56,413</u>	<u>-</u>
Total assets	<u>\$ 12,952,447</u>	<u>\$ 7,913,163</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Vouchers payable and accrued liabilities	\$ 89,608	\$ 108,384
Due to other funds	6,508	-
Deferred revenue	34,131	37,646
Deposits	<u>4,751</u>	<u>3,738</u>
Total liabilities	<u>134,998</u>	<u>149,768</u>
Fund balance:		
Reserved for prepaid items	56,413	-
Unreserved:		
Designated for:		
Emergencies	2,180,749	2,080,197
Vehicle and equipment reserve	314,276	307,814
Capital assets	680,341	660,918
Subsequent years' expenditures	134,483	-
Undesignated	<u>9,451,187</u>	<u>4,714,466</u>
Total fund balance	<u>12,817,449</u>	<u>7,763,395</u>
Total liabilities and fund balance	<u>\$ 12,952,447</u>	<u>\$ 7,913,163</u>

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## **NONMAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for a particular purpose. The Town reports one Special Revenue Fund.

**Police Training and Forfeiture Fund** - This fund accounts for:

- a portion of traffic citation revenue dedicated to police training and
- the confiscation of property and the related authorized law enforcement expenditures



# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

## BALANCE SHEET NONMAJOR GOVERNMENTAL FUND

SEPTEMBER 30, 2006

	Police Training and <u>Forfeiture</u>	Total Nonmajor Governmental <u>Fund</u>
<u>ASSETS</u>		
Cash	<u>\$362,366</u>	<u>\$ 362,366</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Vouchers payable and accrued liabilities	\$ -	\$ -
Fund balance:		
Designated for police	<u>362,366</u>	<u>362,366</u>
Total liabilities and fund balance	<u>\$ 362,366</u>	<u>\$ 362,366</u>

# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NONMAJOR GOVERNMENTAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2006

	Police Training and <u>Forfeiture</u>	Total Nonmajor Governmental <u>Funds</u>
Revenues:		
Fines and forfeitures	\$ <u>15,816</u>	\$ <u>15,816</u>
Total revenues	<u>15,816</u>	<u>15,816</u>
Expenditures:		
Current:		
Public safety	1,880	1,880
Capital outlay	<u>8,579</u>	<u>8,579</u>
Total expenditures	<u>10,459</u>	<u>10,459</u>
Excess of revenues over expenditures	5,357	5,357
Fund balance, beginning	<u>357,009</u>	<u>357,009</u>
Fund balance, ending	<u>\$ 362,366</u>	<u>\$ 362,366</u>

# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL SPECIAL REVENUE FUND POLICE TRAINING AND FORFEITURE FISCAL YEAR ENDED SEPTEMBER 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>with Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Fines and forfeitures	\$ 5,105	\$ 5,105	\$ 15,816	\$ 10,711
Total revenues	<u>5,105</u>	<u>5,105</u>	<u>15,816</u>	<u>10,711</u>
Expenditures:				
Current:				
Public safety	380	380	1,880	(1,500)
Capital outlay	<u>8,640</u>	<u>8,640</u>	<u>8,579</u>	<u>61</u>
Total expenditures	<u>9,020</u>	<u>9,020</u>	<u>10,459</u>	<u>(1,439)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (3,915)</u>	<u>\$ (3,915)</u>	<u>\$ 5,357</u>	<u>\$ 12,150</u>

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## **STATISTICAL SECTION**

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## **STATISTICAL SECTION**

This part of the Town of Lauderdale-By-The-Sea's comprehensive annual financial report represents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

### **Contents**

### **Page**

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time. 49

#### **Revenue Capacity**

These schedules contain information to help the reader understand and assess the Town's most significant local revenue source, the property tax. 55

#### **Debt Capacity**

These schedules represent information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future. 57

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place. 60

#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial reports relates to the services the Town provides and the activities it performs. 63

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant years.

# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

TABLE 1

## NET ASSETS BY COMPONENT LAST FOUR FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING) (AMOUNTS EXPRESSED IN THOUSANDS)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities:				
Invested in capital assets, net of related debt	\$ 8,288	\$ 6,585	\$ 5,736	\$ 380
Unrestricted	<u>3,652</u>	<u>7,145</u>	<u>10,156</u>	<u>19,993</u>
Total governmental activities net assets	<u>11,940</u>	<u>13,730</u>	<u>15,892</u>	<u>20,373</u>
Business-type activities:				
Invested in capital assets, net of related debt	2,328	2,734	3,782	4,518
Unrestricted	<u>1,366</u>	<u>1,749</u>	<u>1,615</u>	<u>2,759</u>
Total business-type activities net assets	<u>3,694</u>	<u>4,483</u>	<u>5,397</u>	<u>7,277</u>
Primary government:				
Invested in capital assets, net of related debt	10,616	9,319	9,518	4,898
Unrestricted	<u>5,018</u>	<u>8,894</u>	<u>11,771</u>	<u>22,752</u>
Total primary government net assets	<u>\$ 15,634</u>	<u>\$ 18,213</u>	<u>\$ 21,289</u>	<u>\$ 27,650</u>

# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

TABLE 2

## CHANGES IN NET ASSETS LAST FOUR FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING) (AMOUNTS EXPRESSED IN THOUSANDS)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenses:				
Governmental activities:				
General government	\$ 1,625	\$ 1,914	\$ 1,642	\$ 2,294
Public safety	3,506	6,082	5,831	5,835
Roads and streets	868	1,276	1,522	1,442
Recreation	277	367	435	436
Physical environment	107	138	148	175
Interest on long-term debt	430	406	404	570
Total governmental activities	<u>6,813</u>	<u>10,183</u>	<u>9,982</u>	<u>10,752</u>
Business-type activities:				
Sewer	1,012	817	888	928
Stormwater	66	126	61	80
Parking	147	83	92	77
Interest on long-term debt	-	-	-	114
Total business-type activities	<u>1,225</u>	<u>1,026</u>	<u>1,041</u>	<u>1,199</u>
Total primary government	<u>\$ 8,038</u>	<u>\$ 11,209</u>	<u>\$ 11,023</u>	<u>\$ 11,951</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	\$ 63	\$ 574	\$ 802	\$ 984
Public safety	138	271	8	4
Roads and streets	943	1,002	887	570
Recreation	4	6	6	6
Physical environment	7	50	53	78
Capital grants and contributions	28	61	74	919
Operating grants and contributions	530	265	140	1,397
Total governmental activities program revenues	<u>1,713</u>	<u>2,229</u>	<u>1,970</u>	<u>3,958</u>
Business type activities:				
Charges for services:				
Sewer	1,111	1,176	1,054	1,001
Stormwater	-	-	36	197
Parking	51	67	99	432
Total business-type activities program revenues	<u>1,162</u>	<u>1,243</u>	<u>1,189</u>	<u>1,630</u>
Total primary government program revenues	<u>\$ 2,875</u>	<u>\$ 3,472</u>	<u>\$ 3,159</u>	<u>\$ 5,588</u>

(Continued)



# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

TABLE 2  
(Continued)

## CHANGES IN NET ASSETS

(Continued)

LAST FOUR FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

(AMOUNTS EXPRESSED IN THOUSANDS)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Net (expense) revenue:				
Governmental activities	\$ (5,100)	\$ (7,954)	\$ (8,012)	\$ (6,794)
Business-type activities	<u>(63)</u>	<u>217</u>	<u>148</u>	<u>431</u>
Total primary government net expense	<u>\$ (5,163)</u>	<u>\$ (7,737)</u>	<u>\$ (7,864)</u>	<u>\$ (6,363)</u>
General revenues and other changes in net assets:				
Governmental activities:				
Ad valorem taxes and fire assessments	\$ 5,531	\$ 7,833	\$ 8,565	\$ 9,937
Franchise fees on gross receipts and utility taxes	1,299	1,325	1,368	1,437
Communications services tax	-	-	372	351
Intergovernmental	1,320	697	-	-
Unrestricted Interest earnings	691	171	593	637
Miscellaneous	210	223	4	240
Transfers	<u>(526)</u>	<u>(560)</u>	<u>(728)</u>	<u>(1,327)</u>
Total governmental activities	<u>8,525</u>	<u>9,689</u>	<u>10,174</u>	<u>11,275</u>
Business-type activities:				
Unrestricted Interest earnings	13	12	36	122
Transfers	<u>526</u>	<u>560</u>	<u>728</u>	<u>1,327</u>
Total business-type activities	<u>539</u>	<u>572</u>	<u>764</u>	<u>1,449</u>
Total primary government	<u>\$ 9,064</u>	<u>\$ 10,261</u>	<u>\$ 10,938</u>	<u>\$ 12,724</u>
Changes in net assets:				
Government activities	\$ 3,425	\$ 1,735	\$ 2,162	\$ 4,481
Business-type activities	<u>476</u>	<u>789</u>	<u>912</u>	<u>1,880</u>
Total primary government	<u>\$ 3,901</u>	<u>\$ 2,524</u>	<u>\$ 3,074</u>	<u>\$ 6,361</u>

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**

TABLE 3

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE  
LAST FIVE FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(AMOUNTS EXPRESSED IN THOUSANDS)

<u>Fiscal Year</u>	<u>Ad Valorem Taxes</u>	<u>Franchise Fees on Services</u>	<u>Utility Tax</u>	<u>Communications Service Tax</u>	<u>Transportation Tax</u>	<u>Total</u>
2002	\$ 4,501	\$ 500	\$ 778	\$ 378	\$ 55	\$ 6,212
2003	5,176	536	763	468	167	7,110
2004	5,757	565	760	376	120	7,578
2005	6,546	583	785	372	119	8,405
2006	7,855	655	782	350	119	9,761

TABLE 4

## TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
 (AMOUNTS EXPRESSED IN THOUSANDS)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56
Unreserved, designated	1,146	1,360	1,450	2,443	1,346	1,368	2,070	2,475	3,389	3,310
Unreserved, undesignated	469	475	85	302	1,090	1,796	2,676	3,818	4,374	9,451
Total general fund	<u>\$1,615</u>	<u>\$1,835</u>	<u>\$1,535</u>	<u>\$2,745</u>	<u>\$2,436</u>	<u>\$3,164</u>	<u>\$4,746</u>	<u>\$6,293</u>	<u>\$7,763</u>	<u>\$12,817</u>
All other governmental funds:										
Unreserved, undesignated	\$ 3	\$ 552	\$ 785	\$1,403	\$ 5,224	\$ 9,750	\$9,832	\$3,005	\$2,880	\$ 913
Unreserved, designated	13	14	12	13	39	-	-	-	-	-
Special revenue funds	50	145	443	31	6,296	-	-	4,415	6,047	6,187
Capital project funds										
Total all other governmental funds	<u>\$ 66</u>	<u>\$ 711</u>	<u>\$1,240</u>	<u>\$1,447</u>	<u>\$11,559</u>	<u>\$ 9,750</u>	<u>\$9,832</u>	<u>\$7,420</u>	<u>\$8,927</u>	<u>\$ 7,100</u>

TABLE 5

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>Revenues:</b>										
Property taxes and fire assessments	\$ 9,936,889	\$ 8,565,376	\$ 7,833,400	\$ 5,531,092	\$ 4,814,157	\$ 1,940,633	\$ 1,649,463	\$ 1,576,735	\$ 1,278,107	\$ 1,288,589
Franchise fees and utility taxes	1,436,887	1,367,937	1,324,511	1,298,731	1,278,311	1,002,015	886,470	819,166	674,732	639,043
Parking meters	1,117,108	1,029,253	1,236,821	1,326,982	733,080	522,205	529,239	426,393	408,338	373,383
Intergovernmental	484,816	451,109	584,927	522,436	599,220	380,643	326,690	286,943	283,968	272,129
Fines and forfeitures	198,798	540,762	696,934	558,188	559,787	452,617	468,163	401,327	283,252	276,909
Charges for services	637,029	593,123	170,729	690,604	382,058	319,334	184,351	547,090	481,900	473,953
Interest and other	191,363	106,684	80,573	67,035	66,369	95,132	61,444	201,875	122,720	95,459
Licenses and permits	1,475,654	213,335	325,481	558,331	41,638	21,506	30,813	63,741	61,419	85,336
Grants	-	-	-	-	-	-	-	-	53,972	-
Municipal fuel tax rebate	-	4,258	223,720	76,599	-	-	-	1,679	655	-
Miscellaneous revenues	240,127	12,871,837	12,477,096	10,629,998	8,473,620	4,766,022	4,707,760	4,324,949	3,649,063	3,504,801
<b>Total revenues</b>	<b>15,718,671</b>	<b>12,871,837</b>	<b>12,477,096</b>	<b>10,629,998</b>	<b>8,473,620</b>	<b>4,766,022</b>	<b>4,707,760</b>	<b>4,324,949</b>	<b>3,649,063</b>	<b>3,504,801</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	2,174,935	1,550,657	1,528,070	1,461,860	1,219,149	1,139,701	802,030	725,422	699,432	868,678
Public safety	5,800,530	5,794,821	6,026,492	3,398,569	3,049,746	1,870,874	1,525,215	1,334,912	1,266,304	1,147,334
Roads and streets	1,215,885	1,373,894	1,131,320	868,121	802,256	628,133	608,384	533,218	447,640	401,704
Economic	-	-	-	-	-	1,688	-	-	-	-
Recreation	349,687	364,797	300,690	277,542	210,875	235,500	98,259	60,225	47,120	37,434
Physical environment	146,417	104,002	103,193	107,469	69,301	55,664	839,574	762,331	532,746	566,157
Capital outlay	3,034,637	1,140,175	1,998,326	3,444,555	1,471,042	138,097	538,306	349,265	231,734	233,171
Debt service:										
Principal	1,835,615	1,384,254	1,291,439	1,161,654	829,951	22,601	-	-	90,000	85,000
Interest	607,376	403,442	406,104	429,724	464,295	16,759	-	-	4,185	8,232
<b>Total expenditures</b>	<b>15,165,082</b>	<b>12,116,042</b>	<b>12,785,634</b>	<b>11,149,494</b>	<b>8,116,615</b>	<b>4,109,017</b>	<b>4,411,768</b>	<b>3,765,373</b>	<b>3,319,161</b>	<b>3,347,710</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>553,589</b>	<b>755,795</b>	<b>(308,538)</b>	<b>(519,496)</b>	<b>357,005</b>	<b>657,005</b>	<b>295,992</b>	<b>559,576</b>	<b>329,902</b>	<b>157,091</b>
<b>Other financing sources (uses):</b>										
Proceeds from notes payable and capital leases	-	-	-	2,712,658	28,281	10,000,000	42,208	100,998	19,743	209,679
Transfers in	1,927,969	1,393,519	1,179,854	1,795,944	1,984,776	1,727,400	1,262,459	805,654	290,117	60,610
Transfers out	(3,254,565)	(2,121,866)	(1,739,771)	(2,321,745)	(2,447,042)	(1,953,962)	(1,262,459)	(805,654)	(290,117)	(60,610)
Debt issued	4,000,000	2,950,000	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>2,673,404</b>	<b>2,221,653</b>	<b>(559,917)</b>	<b>2,186,857</b>	<b>(433,985)</b>	<b>9,773,438</b>	<b>42,208</b>	<b>100,998</b>	<b>19,743</b>	<b>209,679</b>
<b>Net change in fund balances</b>	<b>3,226,993</b>	<b>2,977,448</b>	<b>(868,455)</b>	<b>1,667,361</b>	<b>(76,980)</b>	<b>10,430,443</b>	<b>338,200</b>	<b>660,574</b>	<b>349,645</b>	<b>366,770</b>
<b>Fund balances - beginning</b>	<b>16,690,028</b>	<b>13,712,581</b>	<b>14,581,036</b>	<b>12,913,675</b>	<b>12,990,654</b>	<b>4,191,916</b>	<b>2,340,445</b>	<b>1,679,871</b>	<b>1,330,226</b>	<b>963,456</b>
<b>Residual equity transfer</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(624,980)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances - ending</b>	<b>\$ 19,917,021</b>	<b>\$ 16,690,029</b>	<b>\$ 13,712,581</b>	<b>\$ 14,581,036</b>	<b>\$ 12,913,674</b>	<b>\$ 13,997,379</b>	<b>\$ 2,678,645</b>	<b>\$ 2,340,445</b>	<b>\$ 1,679,871</b>	<b>\$ 1,330,226</b>

TABLE 6

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**  
**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)**  
**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Property Taxes and Fire Assessment Fees</u>	<u>Franchise Fees and Utility Taxes</u>	<u>Parking Meters</u>	<u>Licenses and Permits</u>	<u>Inter-Gov't</u>	<u>Charges Services</u>	<u>Fines and Forfeitures</u>	<u>Grants</u>	<u>Interest and Other</u>	<u>Total</u>
1997	\$ 1,278,107	\$ 674,732	\$ 408,338	\$ 61,419	\$ 284,623	\$ 481,900	\$ 283,252	\$ 53,972	\$ 122,720	\$ 3,649,063
1998	1,576,735	819,166	426,393	63,741	288,622	547,090	401,327	-	201,875	4,324,949
1999	1,649,463	886,470	529,239	61,444	328,092	571,127	468,163	30,813	182,949	4,707,760
2000	1,761,322	954,994	491,304	55,897	374,416	643,183	470,803	8,004	343,709	5,103,632
2001	1,940,633	1,002,015	522,205	95,132	380,643	31,937	452,617	21,506	319,334	4,766,022
2002	4,814,157	1,278,311	496,185	66,369	732,080	63,601	599,220	41,638	382,058	8,473,620
2003	5,531,092	1,298,731	484,563	67,035	1,326,982	73,625	522,436	558,331	767,203	10,629,998
2004	7,833,400	1,324,511	526,748	80,573	1,236,821	170,186	584,927	325,481	394,449	12,477,096
2005	8,565,376	1,367,937	478,406	106,684	1,029,253	62,356	451,109	213,335	597,381	12,871,837
2006	9,936,889	1,436,887	146,804	191,363	1,117,108	51,994	484,816	1,475,654	877,156	15,718,671

(1) Governmental Fund Types: General, Special Revenue and Capital Projects.

Note: From fiscal year September 30, 2002 and forward, parking meter revenue is reflected in charges for services as included in the government-wide financial statements. However, for the purpose of this table, we have separated parking meter revenue. For the fiscal year September 30, 2006, business parking meter revenue is reported in the Parking Revenue Improvement Funds.

From fiscal year September 30, 2001 and forward, sewer fees are reflected in the Sewer Fund as included in the Statement of Revenue, Expenses and Changes in Net Assets for the Proprietary Funds.

# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

TABLE 7

## PRELIMINARY RECAPITULATION OF THE AD VALOREM ASSESSMENT ROLLS LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Real Property Assessed Value</u>	<u>Personal Property Assessed Value</u>	<u>Exemptions</u>		<u>Assessed Property Value</u>
			<u>Real</u>	<u>Personal</u>	
1997	\$ 281,769,560	\$ 13,920,490	\$24,143,140	\$ 13,604	\$ 271,533,306
1998	439,918,640	14,423,656	31,013,910	13,604	423,314,782
1999	461,691,590	15,084,338	35,249,530	13,514	441,512,884
2000	497,729,400	15,279,811	40,565,170	13,514	472,430,527
2001	560,251,790	12,958,060	46,356,830	13,434	526,839,586
2002	1,162,796,770	13,701,721	62,867,630	2,634	1,113,628,227
2003	1,333,494,270	14,684,976	67,100,270	2,634	1,281,076,342
2004	1,504,774,160	16,453,097	72,512,650	2,634	1,448,711,973
2005	2,107,212,880	15,785,123	77,200,430	2,700	2,045,794,873
2006	2,689,777,920	17,527,962	82,761,920	2,700	2,624,541,262

Source: Broward County, Florida, Property Appraiser

TABLE 8

## TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

## PRINCIPAL PROPERTY TAXPAYERS

SEPTEMBER 30, 2006

	Taxpayer	2006			1996		
		Type of Use	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank
Windsor - Bainbridge LLC		Condominiums	\$25,327,632	1	1.24%	N/A	N/A
Village by the Sea Dev LLC		Condominiums	13,560,832	2	0.66%	N/A	N/A
TRG-Aquazul LTD		Condominiums	9,842,190	3	0.48%	N/A	N/A
Pier Point LLC		Condominiums	9,589,699	4	0.47%	\$1,686,160	3
Costa Del Sol - Time Share		Condominiums	8,639,922	5	0.42%	N/A	N/A
TFV Properties LTD		Hotel	8,581,380	6	0.42%	\$4,668,360	1
Chateau De Mer LLC		Condominiums	7,126,360	7	0.35%	N/A	N/A
Stanco Mgt. Inc. - Time Share		Condominiums	6,369,950	8	0.31%	N/A	N/A
Driftwood Beach Club, Inc. - Time Share		Condominiums	4,934,340	9	0.24%	N/A	N/A
Edmondson, James P.		Restaurant	4,837,760	10	0.24%	N/A	N/A

Source: Tax Roll of Broward County, Florida

TABLE 9

# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

PROPERTY TAX RATES (PER \$1,000)  
DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS

Fiscal Year	State Special Districts							
	South							Total
	Lauderdale By-The-Sea	Broward County	Broward County Schools	Florida Inland Navigation	Florida Water Management	North Broward Hospital	Hillsboro Inlet	
1997	4.8500	7.7524	9.9400	0.0380	0.6720	2.4200	0.1112	25.7836
1998	3.8500	7.8380	9.9745	0.0500	0.6970	2.4087	0.1071	24.9253
1999	3.8500	7.5710	9.7256	0.0470	0.6970	2.5000	0.1021	24.4927
2000	3.8500	7.5270	8.9553	0.0410	0.6970	2.4803	0.1036	23.6542
2001	3.8500	7.5250	8.5410	0.0410	0.6970	2.4803	0.1036	23.2379
2002	4.7000	7.3650	8.8825	0.0385	0.6970	2.4803	0.1170	24.2803
2003	4.7000	7.1880	8.4176	0.0385	0.6970	2.5000	0.2490	23.7901
2004	4.7000	7.0230	8.2695	0.0385	0.6970	2.4803	0.1845	23.3928
2005	4.7000	6.7830	8.0623	0.0385	0.6970	2.1746	0.1845	22.6399
2006	4.7000	6.0661	7.8687	0.0385	0.6970	1.8317	0.1170	21.3190

Source: Broward County, Florida, Property Appraiser



# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

TABLE 10

## RATIO OF ANNUAL DEBT SERVICE EXPENDITURES TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES LAST TEN YEARS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service (1)</u>	<u>Total General Governmental Expenditures (2)</u>	<u>Ratio of Debt</u>
1997	\$ 85,000	\$ 8,232	\$ 93,232	\$ 3,408,320	2.74%
1998	90,000	4,185	94,185	3,609,278	2.61%
1999	-	-	-	4,571,027	0.00%
2000	-	-	-	5,674,227	0.00%
2001	22,601	16,759	39,360	6,062,979	0.65%
2002	829,951	464,295	1,294,246	10,563,657	12.25%
2003	1,161,654	429,724	1,591,378	13,471,239	11.81%
2004	1,291,439	406,104	1,697,543	14,525,405	11.69%
2005	1,384,254	403,442	1,787,696	14,237,908	12.56%
2006	1,835,615	607,376	2,442,991	18,419,647	13.26%

(1) No general obligation debt 1998 - 2002. Promissory note obligation 1999-2002.

(2) Includes general, special, and capital projects funds, and transfers out.

# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

TABLE 11

## STATISTICS DEMOGRAPHICS AND ECONOMICS

SEPTEMBER 30, 2006

Date of Incorporation:	November 30, 1947	
Year of Charter Adoption:	1947	
Form of Town Government:	Commission-Manager	
Location:	Lauderdale-By-The-Sea is in the east-central part of Broward County and shares boundaries with three other municipalities. Its eastern boundary is the Atlantic Ocean. It is 30 miles north of Miami and 33 miles south of Palm Beach. The Town is just over 8.5 square miles in area and has a population of 6,300 with a peak seasonable population of 9,800. It is a seaside community with primary industries being retail trade, tourism/hospitality, finance, insurance and real estate.	
Number of Employees:	Full and Part-Time, Permanent Contractual	129
Recreation facilities:	Miles of Public Beach	2.3
	Miles of Navigable Water	2.3
	Parks	1
	Tennis Courts	2
	Shuffleboard Courts	2
	Bocci Ball Court	1
	Basketball Court	1
Infrastructure:	Town Buildings	6
	Fire Stations	2
	Fire Rescue Stations	2
	Surface Parking Lot	2
Socio-Economic Data:	Consumer Price Index (3)	5.6%
	Median Household Income	\$40,800
	Per Capital Income	\$29,935
Population Statistics:	Civilian Labor Force (1)	2,796.1
	Unemployment Rate (2)	3.8%

Source: U.S. Census - Broward County (2000)

Bureau of Labor Statistics - Broward County (September 2006)

(1) Number of Persons, in thousands, not seasonally adjusted.

(2) In Percent, not seasonally adjusted.

(3) Urban Wage Earners and Clerical Workers,

base: 1982 - 84 = 100, not seasonally adjusted (August 2006).

## TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

## PRINCIPAL EMPLOYERS

SEPTEMBER 30, 2006

<u>Employer</u>	2006			1996		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>
Sea Watch Restaurant	202	1	NA	NA	NA	NA
Clarion Beach Resort - Hotel and Restaurant	142	2	NA	NA	NA	NA
Holiday Inn - Hotel	110	3	NA	NA	NA	NA
Blue Moon Fish Company - Restaurant	86	4	NA	NA	NA	NA
Benihana - Restaurant	53	5	NA	NA	NA	NA
Mulligan's Grill & Raw Bar - Restaurant	47	6	NA	NA	NA	NA
Total	<u>640</u>					

Source: Lauderdale-By-The-Sea Development Services

Note: Information for 1996 was unavailable.

TABLE 13

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**  
**FULL TIME EQUIVALENT GOVERNMENT POSITIONS BY FUNCTION**  
**LAST TEN FISCAL YEARS**

<u>Function</u>	<u>Full time Equivalent Positions as of September 30</u>									
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Administration	11.0	11.0	10.5	9.5	9.5	8.5	9.0	8.0	6.0	6.0
Public Safety (contracted)	28.0	28.0	28.0	28.0	27.0	19.0	19.0	19.0	19.0	17.0
Fire and Fire Rescue (contracted)	62.5	62.5	53.5	53.5	51.5	51.0	50.0	47.0	45.0	42.0
Public Works	17.0	17.5	16.5	12.5	12.5	9.5	8.0	8.0	9.0	8.0
Development services	6.0	6.0	7.0	6.0	6.0	4.0	4.0	4.0	4.0	4.0
Parking Enforcement	4.0	5.0	5.5	5.5	5.5	4.5	4.0	4.0	2.0	2.0
Sewer	0.5	0.5	0.5	0.5	0.5	1.5	-	-	-	-
	<u>129.0</u>	<u>130.5</u>	<u>121.5</u>	<u>115.5</u>	<u>112.5</u>	<u>98.0</u>	<u>94.0</u>	<u>90.0</u>	<u>85.0</u>	<u>79.0</u>

Source: Lauderdale-By-The-Sea Finance Department.

# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

TABLE 14

## CAPITAL ASSETS BY FUNCTION LAST TEN FISCAL YEARS

<u>Function</u>	<u>Full Time Equivalent Employees as of September 30</u>									
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
General Government Facilities:										
Town Buildings	6	6	6	5	5	5	5	5	5	5
Recreation Facilities:										
Miles of Public Beach	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Parks	1	1	1	1	1	1	1	1	1	1
Tennis Courts	2	2	2	2	2	2	2	2	2	2
Shuffleboard Court	2	2	2	2	2	2	2	2	2	2
Bocci Ball Court	1	1	1	1	1	1	1	1	1	1
Basketball Court	1	1	1	1	1	1	1	1	1	1
Beach Portals	6	6	2	1	1	1	1	1	1	1
Public Safety Facilities:										
Police Station	1	1	1	1	1	1	1	1	1	1
Police Vehicles	30	30	30	30	29	11	11	10	10	9
Fire Stations	2	2	2	2	2	2	2	2	2	2
Fire Rescue Station	1	1	1	1	1	1	1	1	1	1
Fire Vehicles	2	2	2	2	2	2	2	2	2	2
Fire Rescue Vehicle	1	1	1	1	1	1	1	1	1	1
Infrastructure:										
Miles of paved roads	16.68	16.68	16.68	16.68	16.68	10.30	10.30	10.30	10.30	10.30
Cable television	1	1	1	1	1	1	1	1	1	1
Surface Parking Lot	2	2	1	1	1	1	1	1	1	1

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